

Building a mining giant

Annual Report 2018



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Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz



Crown Prince and Deputy Premier
and Minister of Defense
Prince Mohammad Bin Salman Bin Abdulaziz

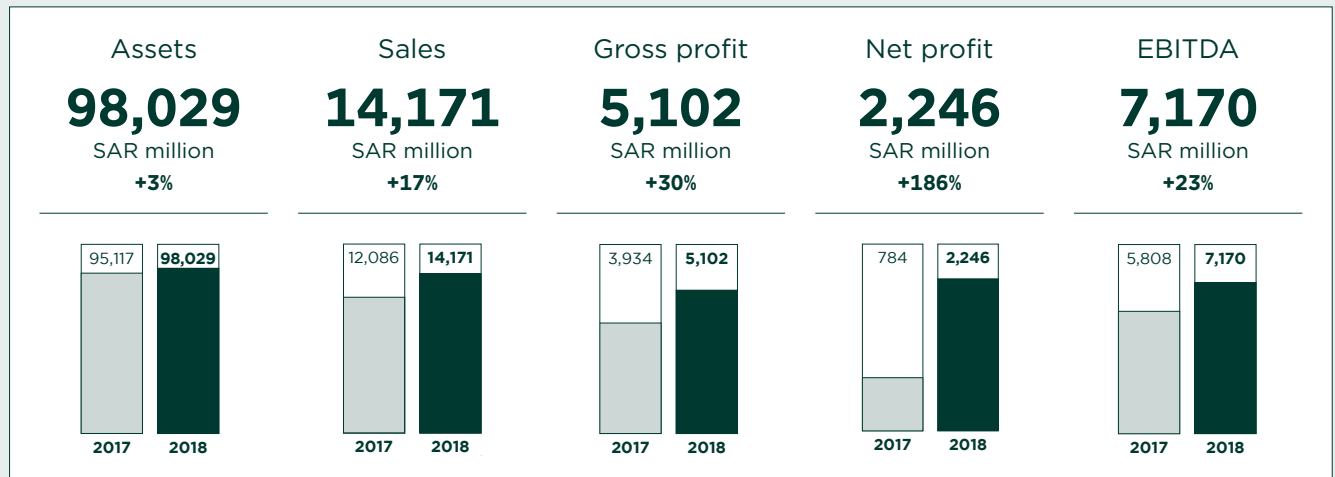
Ma'aden today

Ma'aden is among the fastest growing mining and metals companies in the world. We have achieved rapid growth over the past decade to become the largest multi-commodity mining company in the Middle East and a global mining industry leader in terms of market capitalisation.

Our post-IPO growth and diversification has transformed Ma'aden from a gold producing company to a global phosphate power and large-scale aluminium producer. Our portfolio also includes niche industrial minerals and copper.

We continue to pursue a strategy of organic and inorganic growth, exploring local and global opportunities.

At a glance



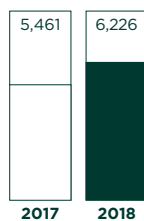
Revenue contribution by business segment



46% ● Phosphate fertiliser, ammonia and industrial minerals
40% ● Aluminium
14% ● Gold and base metals

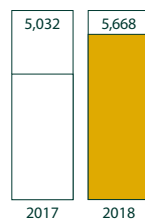
Phosphate

SAR million



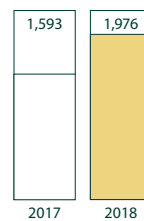
Aluminium

SAR million



Gold

SAR million



Workforce

5,772

Saudisation

65.87%



Market capitalisation
at 31 December 2018

57.61
SAR billion



Transforming
safety culture

Vision

A sustainable mining champion with global presence.

Mission

Champion the responsible development of the mining sector as the third pillar of the Saudi industry by maximizing the value of the mineral resources for our stakeholders and adopting best-in-class practices.

Values



Ownership

Personal responsibility and empowerment of others for quality results in pursuit of our collective goals.



Integrity

Honesty, fairness and the highest ethical and business standards in our relationships with each other and with our stakeholders.



Teamwork

Communication and collaboration with each other and with our partners to achieve success together.



Care

Concern and respect for our people, the communities we touch and the environments we operate in.





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01 Building a mining giant

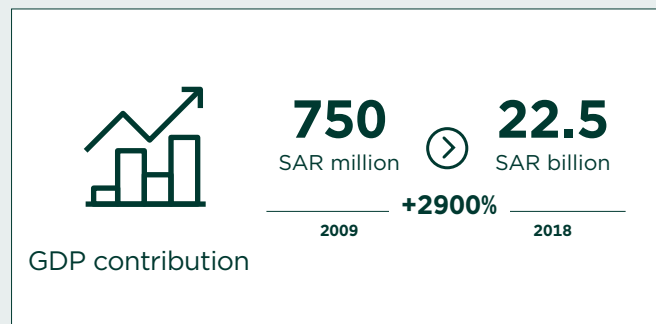
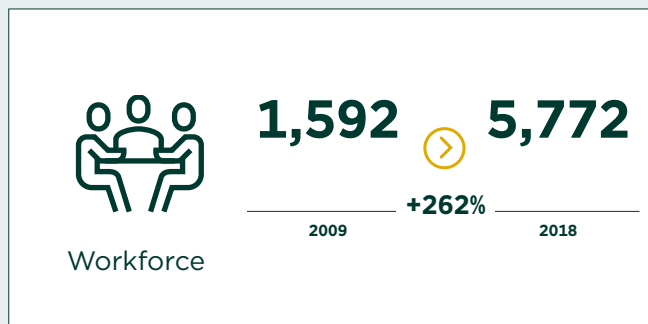
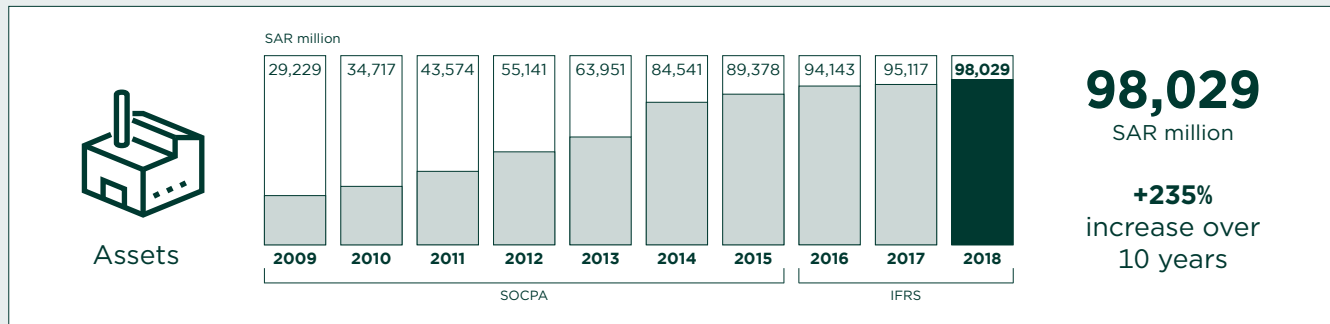


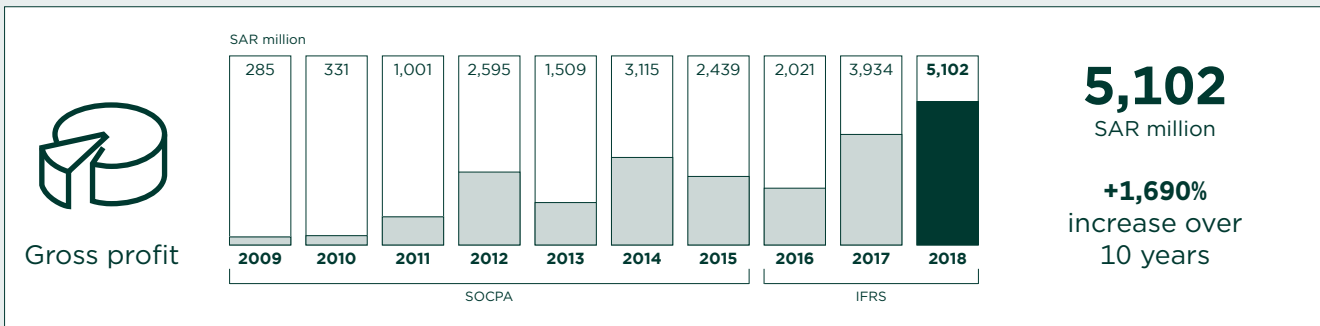
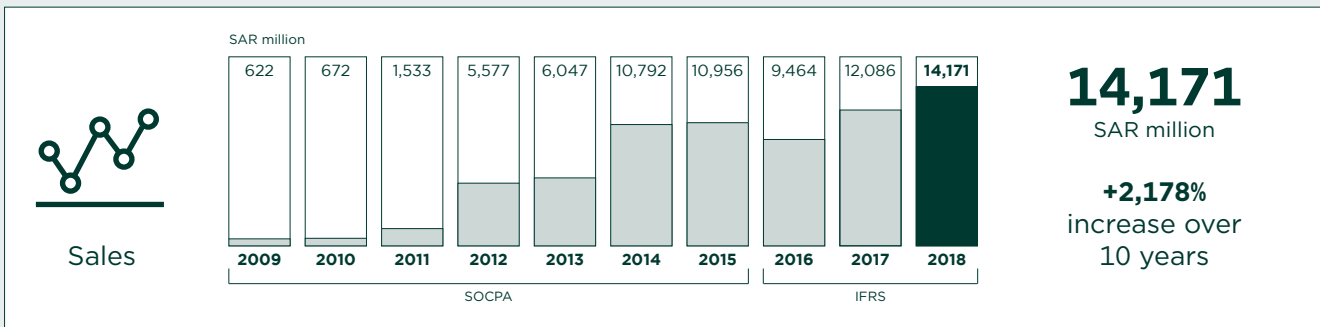
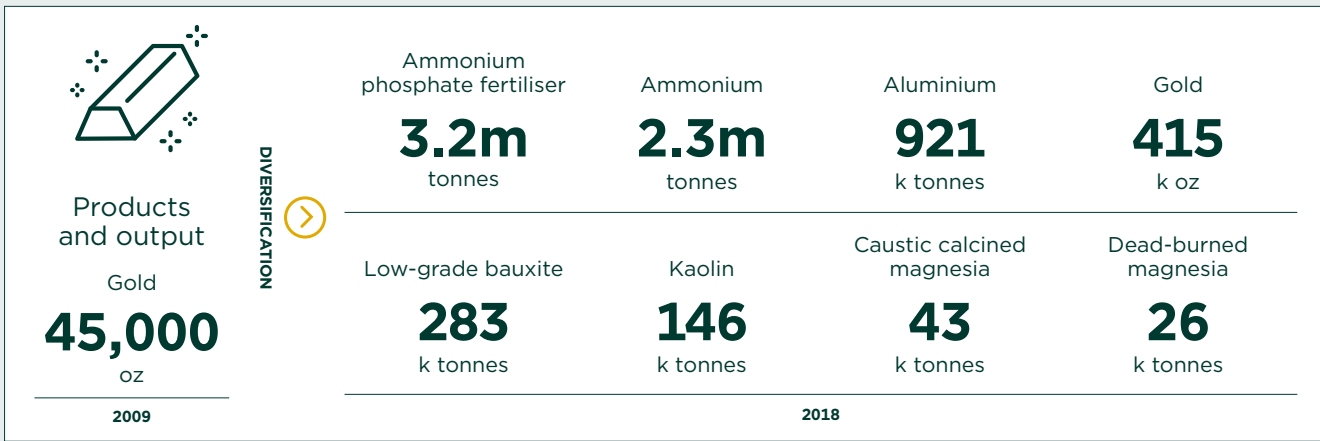
Building a mining giant

Decade of success: our story in numbers

Growth and diversification were the hallmarks of the decade for Ma'aden, resulting in higher contribution to GDP, new world-class assets, steady increase in product portfolio, production and sales, generation of more jobs and professional opportunities and steady increase in profit and earnings.

We shifted from the Saudi Organisation for Certified Public Accountants (SOCPA) accounting standards to the International Financial Reporting Standards (IFRS) in 2016.



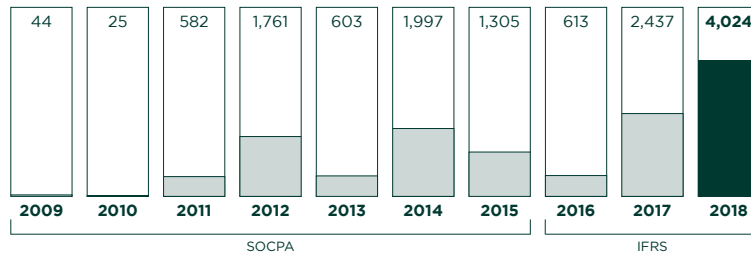


Building a mining giant



Operating profit

SAR million



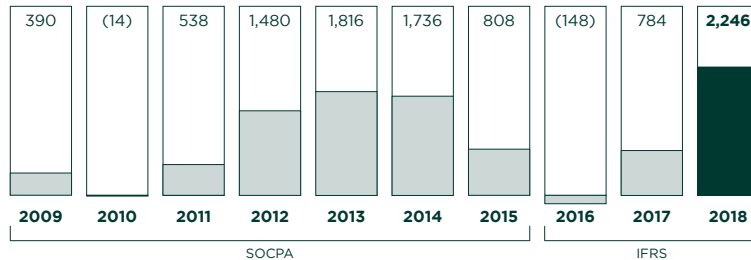
4,024
SAR million

+9,045%
increase over
10 years



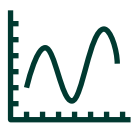
Net profit/
(loss)

SAR million



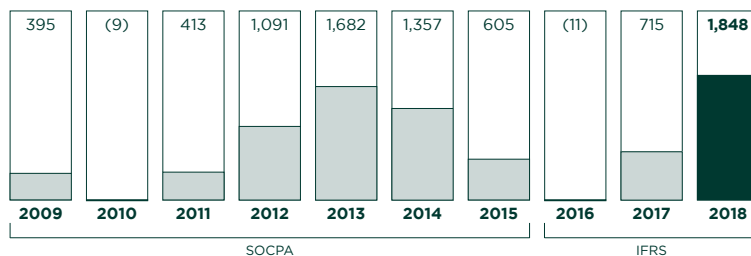
2,246
SAR million

+476%
increase over
10 years



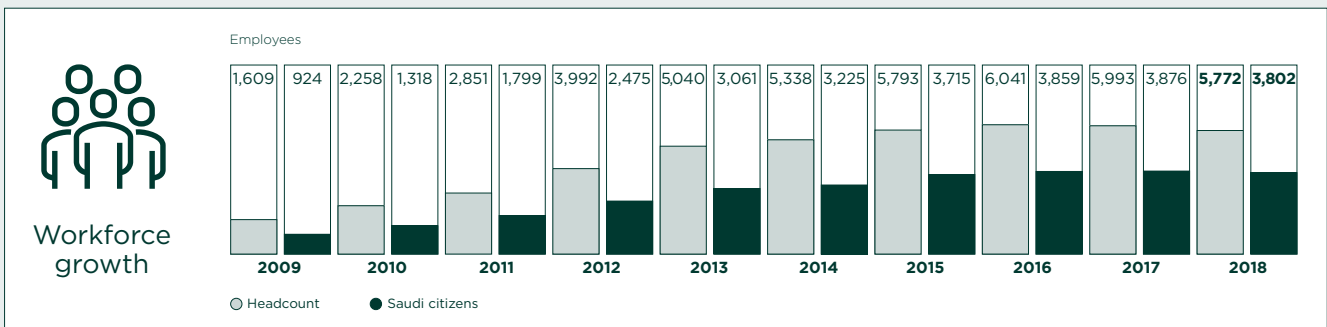
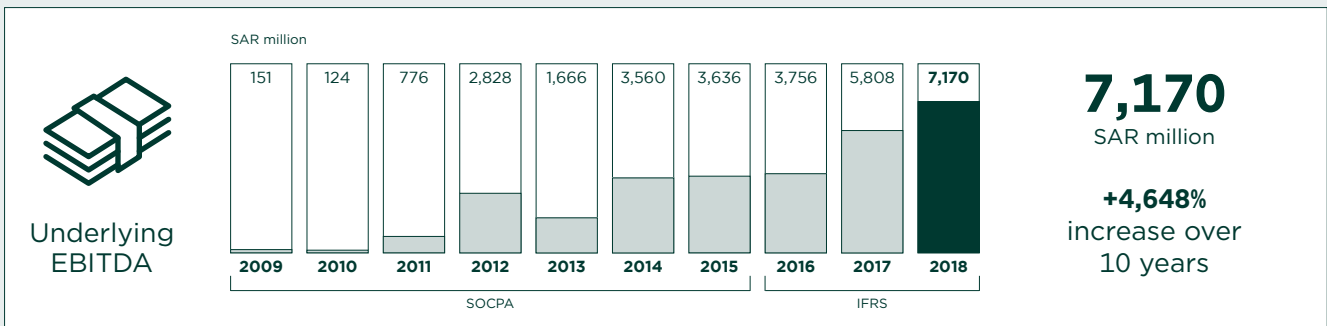
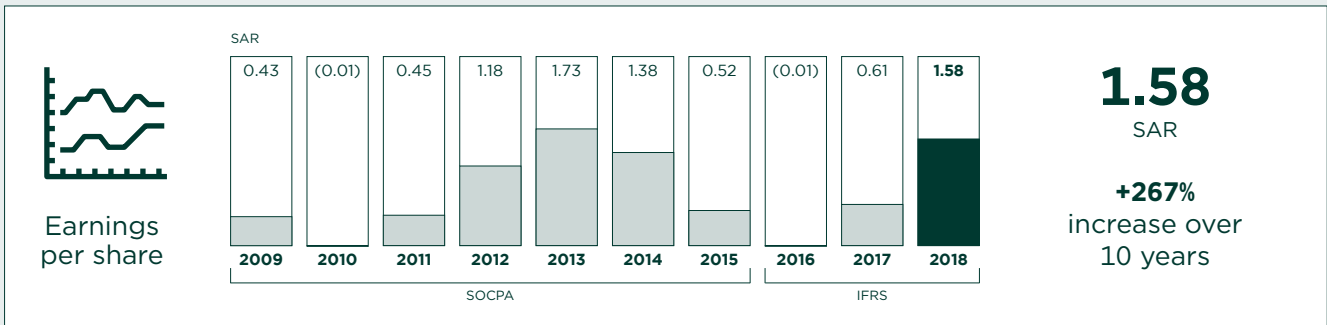
Net profit
attributable to
shareholders
of the parent
company

SAR million



1,848
SAR million

+368%
increase over
10 years



Key industrial milestones

Our milestones show how diverse partnerships and corporate strategy came together to deliver the national vision of developing a world-class mining industry in Saudi Arabia.

2008

Ma'aden's SAR9.25 billion IPO, offering 50 per cent of the company's shares for public subscription in July 2008.

IPO for
50%
equity

Reallocation of Al-Bai'tha village and mine to Ma'aden.

Ma'aden Infrastructure Company signs MoU to develop facilities in Ras Az-Zawr, which later became Ras Al-Khair Industrial City.



2009

Signing of the aluminium joint venture agreement with Alcoa Corporation to develop one of the world's largest, fully integrated and lowest-cost producer of primary aluminum, alumina and aluminum products.

Tripartite agreement between Ma'aden, Saline Water Conversion Corporation (SWCC) and Saudi Electricity Company (SEC) to construct a joint power plant to generate 2,400 megawatts of electricity and 1.025 million cubic metres of desalinated water per day to support Ma'aden's aluminium project and downstream industries in Ras Al-Khair.

2010

Construction of the aluminium complex begins in Ras Al-Khair following Ma'aden's awarding of various project contracts.



2011

Ma'aden Phosphate Company (MPC), our joint venture with Saudi Basic Industries Corporation (SABIC) formed in 2008, begins



commercial production of ammonia. Industrial Minerals Company (IMC) begins commercial production of caustic calcined magnesite (CCM) in Madinah Industrial City.



2012

MPC produces 1.53 million tonnes of DAP fertiliser in its first year of commercial production.



Ma'aden aluminium smelter produces its first hot metal.

Government approves Wa'ad Al-Shamal Industrial City project, with Ma'aden's second large-scale phosphate mine and plants as its centrepiece.

2013

Agreement signed to establish Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC) as a joint venture between Ma'aden, The Mosaic Company and SABIC.

Ma'aden's first shipment of aluminium products sold in the local market.

The caustic soda plant at Sahara and Ma'aden Petrochemicals Company (SAMAPCO) begins production and meeting the caustic soda requirements of Ma'aden's aluminium operations.



Ma'aden's aluminium can sheet rolling mill begins production.

2014

Ma'aden aluminum refinery produces its first alumina.



Contracts awarded for the construction of Wa'ad Al-Shamal phosphate projects.

Ma'aden Aluminium Company continues to ramp up production, and ingot production to 665,000 tonnes.



Aluminium production

665,000
tonnes

2015

Annual gold production reaches 400,000 ounces from 45,000 ounces in 2007.



Gold production

225,000
oz

Ma'aden's aluminium automobile sheet rolling plant begins production.

2016

Official inauguration of Ras Al-Khair Industrial City by the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al-Saud.



Production begins at Ad Duwayhi mine, our largest gold mine with estimated reserves of 1.9 million ounces of gold.

Ma'aden adopts 2016-2025 strategy to drive further growth and expansion, enhance efficiency and excellence, accommodate the changes in global markets and tackle new challenges. The strategy sets new production goals for phosphate fertilisers and gold.

Ma'aden announces plans to build a third large-scale phosphate project, Phosphate 3, in Saudi Arabia.



2017

Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC) fertiliser product plants begin operations.



Feasibility studies underway on Phosphate 3 project.

Feasibility studies underway on Mansourah-Massarrah and Ar-Rjum gold mines.

The vertical shaft kiln (VSK) producing dead burned magnesia (DBM) begins commercial production, expanding our industrial minerals portfolio.



2018

Custodian of the Two Holy Mosques King Salman Bin Abdulaziz inaugurates Wa'ad Al-Shamal Industrial City.



Phosphate 3 project moves ahead with the award of the first construction contract to build a 1.1 million tonne per year ammonia plant.



Monolithics premix is added to our industrial minerals portfolio.

Phosphate fertiliser production

4.46m
tonnes

MWSPC announces the start of commercial production at Phosphate 2 fertiliser plants.

Ma'aden Rolling Company announces the start of commercial production at the flat rolled products plant.

Building a mining giant

Growing operations, expanding markets

We commissioned eight new mines and constructed 17 processing and manufacturing plants over the decade, extending our footprint across central and northern Saudi Arabia. Our global marketing and sales network grew in tandem, enabling us to become a global supplier of phosphate products, industrial minerals, aluminium, gold and copper concentrate.



Above: Phosphate shipment at Ras Al Khair port



Operating mines

4 **12**
2009 2018



Processing and production plants

3 **20**
2009 2018



Export destinations

3 **22**
2009 2018

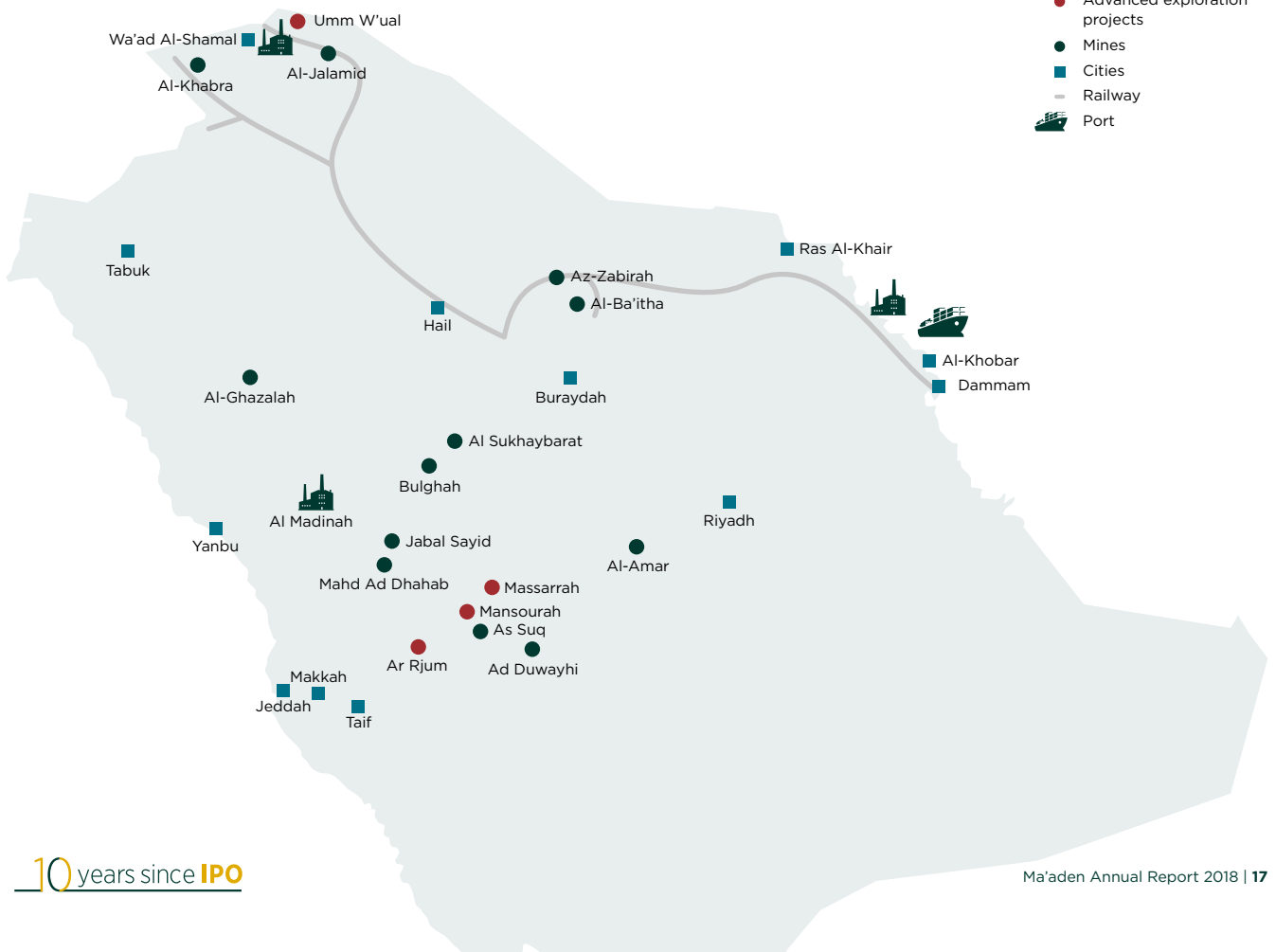
Global markets



KEY

- Gold
- Aluminium
- Phosphate
- Ammonia
- Industrial minerals

Saudi operations



KEY

- Industrial complexes
- Advanced exploration projects
- Mines
- Cities
- Railway
- Port

Building a mining giant

Empowering our people

Human resources was one of the greatest challenges we faced – especially in our early years. We partnered with other institutions to develop a Saudi mining workforce that serves Ma'aden now. Our current focus is on empowering our people by providing them leadership and professional development opportunities.



Right: Saudi citizens make up 65.94 per cent of our mine and plant workforce



Mine workers

4495

Mine supervisors

432

Site engineers

433

Subsidiary
management

397

Corporate
management

178

Administrative
staff

939

Building a mining giant

Ras Al-Khair, a phosphate and bauxite ore superhub

The decade saw the building of a new downstream minerals superhub, the Ras Al-Khair Industrial City in the Eastern Province of Saudi Arabia, which was constructed under the supervision of the Royal Commission of Jubail and Yanbu and inaugurated by King Salman in 2016.

The city is a great example of public-private collaboration, with modern infrastructure facilities built by the Saudi Port Authority, Saudi Water Conversion Company (SWCC) and Saudi Railway Company (SAR) making it possible for Ma'aden's new large-scale industries to operate.

Ras Al-Khair hosts our integrated aluminium and phosphate complexes. The downstream superhub is supported by well-conceived infrastructure including a 1,400 kilometre railway connecting to the main mines in the country, a major port facilitating export operations, one of the world's largest desalination and power plants and a modern residential village for staff. Built with an initial investment of over SAR131 billion, Ras Al-Khair will continue to play a pivotal role in the growth of the Saudi mining industry and in industrial diversification by providing significant downstream investment opportunities.

Right: Aerial view of Ras Al-Khair industrial city.





Aluminium complex
investment

40.5

SAR billion

SWCC
(water and power)
investment

27.4

SAR billion

Railway investment

25

SAR billion

Phosphate industry
investment

31.85

SAR billion

Village and Infrastructure
investment

1.9

SAR billion



Jobs created for
Saudi citizens

12,000

Building a mining giant

Wa'ad Al-Shamal, the crowning achievement

Wa'ad Al-Shamal is the new centre of the Saudi phosphate industry, a world class industrial and mining city in Saudi Arabia's Northern Borders Region. The inauguration of Wa'ad Al-Shamal by King Salman on 22 November 2018 came as a fitting tribute to Ma'aden's success in its 10th year since IPO. Ma'aden led the development of Wa'ad Al-Shamal with the aim of capturing the full value of the Kingdom's phosphate reserves.

The industrial city is another shining example of our collaboration and partnership with the Ministry of Energy, Industry and Minerals, and a variety of public and private organisations from Saudi Arabia and around the world. It is home to the Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC), its Al-Khabra phosphate ore mine and the beneficiation, phosphoric acid, sulphuric acid, power and downstream plants located in Umm Wu'al. The city is connected by rail to transport phosphoric acid to Ras Al-Khair, where the MWSPC downstream fertiliser plants are located.



Right: Aerial night view of Wa'ad Al Shamal Industrial City.



Investment

22.5
SAR billion

Residential units

483

Roads

39
kilometres

Number of people who worked on the project

26,000

Safe hours

159
million



GDP contribution

15
billion



Jobs created for Saudi citizens

7,000





02 Leadership

Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al-Saud inaugurates Wa'ad Al-Shamal Industrial City in northern Saudi Arabia on 22 November 2018; picture on left shows a section of the Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC)

A decade of great success

It is 10 years since Ma'aden was listed on the stock market and in many respects 2018 has been the 'coming of age' moment for the company.

The past year will be remembered as a major milestone in the history of Saudi Arabia's minerals and mining industry for three important reasons:

Firstly, Ma'aden staff and leaders were immensely proud when the Custodian of the Two Holy Mosques inaugurated Wa'ad Al-Shamal Industrial City on 22 November 2018. This was the culmination of years of efforts from both the Ma'aden team and the supporting stakeholders that made the project possible.

Secondly, the close of 2018 saw the commercial operations of not only the Wa'ad Al-Shamal phosphate project but also the aluminum rolling mill. This meant that Ma'aden closed the year with all of its first and second wave of major investments in operation for the very first time.

Thirdly, 2018 marked a year of record operational and financial performance: the highest-ever revenues, net profit, production and sales. These were fitting indications of the decade's achievements.

These highlights offer the strongest evidence that Ma'aden is maturing as a large-scale, sustainable mining company. They also prove that we have delivered on the promise made to investors at the time of the IPO: that Ma'aden would achieve growth and diversification by building a world-class minerals and mining industry in Saudi Arabia, making the sector the third pillar of Saudi Arabia's industrialisation (oil and petrochemicals being the first and second respectively).

Despite a volatile year in the local and global stock markets, Ma'aden's share price finished the year at SAR52.50 having ranged between SAR40.9 and SAR60 during the year. In terms of market capitalization, Ma'aden today is among the "top 15" mining companies in the world.

The meaning of this success

The scale of what we have achieved in the post-IPO decade in terms of building a Saudi mining giant is exceptional, especially when one considers the geographic and human resource challenges that we have had to overcome. This annual report presents the story of that success, showing that Ma'aden



HE Eng Khalid bin Abdulaziz Al-Faleh
Chairman of the Board of Directors

is poised for bigger national and global achievements under its 2025 strategy and beyond.

In the larger national context, Ma'aden's success proves that Saudi Arabia's plans to develop the minerals and mining sector are feasible. It also underlines the importance of the minerals sector in pursuing the economic diversification and employment generation goals envisioned under Saudi Vision 2030. Mining is a key component of the National Industrial Development and Logistics Plan (NIDLP), the largest of the Vision Realization Programs designed to actualise Vision 2030.

Further exploitation of mineral resources and value addition will be key to the success of the NIDLP: an important step is a new mining law that will facilitate more investments and lead to the development of more of the Kingdom's mineral wealth. I am certain that as the national mining champion Ma'aden will play a prominent role in supporting the full realisation of the potential of the national mining sector.

Ma'aden's success is also a testimony to Saudi Arabia's proven path to achieve industrial development and economic diversification through public-private partnerships and joint venture partnerships. This is clear from the way we established and built our industries, but more so in the accomplishment of projects that were beyond Ma'aden's core mandate.

For example, the past decade has seen the development of two new industrial cities built on the strength of the mining sector: Wa'ad Al-Shamal and Ras Al-Khair. Wa'ad Al-Shamal was built as part of the government's promise to develop the northern region of Saudi Arabia using the region's abundant phosphate resources. Ras Al-Khair was built as part of the strategic development plan to build a mining hub in the Eastern Province.

One of the most important aspects of our story is the remarkable impact Ma'aden has had across the country in some of our most remote regions. The development of our mines in accordance with commercial objectives not only boosted the local economies, but also led to the availability of a wider variety

of career and professional development opportunities for Saudi people, and in many cases, significant improvements in the availability of educational opportunities for local people.

Governance

Ma'aden's Board of Directors brings an array of experience and expertise from diverse backgrounds and not just the mining industry, which is invaluable in the Board's ability to discharge its responsibilities. The Board has played an active role in guiding the company's 2025 strategy and is working closely with the management to ensure its successful execution. Ma'aden has steadily moved to become more transparent by instituting new measures to raise the standards of ethics and compliance and is rightly recognized as one of the leading companies in Saudi Arabia in these areas.

We have progressively strengthened the corporate governance system and policies over the past decade, the latest instance being the formation of a new Board committee to oversee safety and sustainability. This comes in the wake of two consecutive years of fatalities at Ma'aden operations. The new committee will ensure that the company's safety transformation programme is successfully executed and that Ma'aden provides a 'zero harm' place of work for everyone working at its sites. The committee will also oversee the many sustainability initiatives undertaken.

We believe that our efforts to strengthen corporate governance will go a long way in serving Ma'aden's future. Governance is becoming more important in the emerging global business climate and in the context of Ma'aden's expanding portfolio of large-scale operations, growing international customer base and ambitious global growth plans.

Looking forward

Although we have completed the most important and largest phase of expansion since our formation, we have already begun the next chapter. As part of our 2025 strategy, new projects will be built over the coming years, making Ma'aden a much stronger global industry player. In 2018, we began

work on the first plant within the third wave of our phosphate growth and have further organic growth projects in various stages of development in our gold and aluminium businesses. We also continue to explore opportunities for growth beyond the Kingdom to complement our domestic business.

Our focus on operational, capital and commercial excellence remains. The executive management and the entire workforce are striving to deliver the goals set by Ma'aden's 2025 strategy and Vision 2030. Management systems, policies and practices are being regularly updated and new and emerging technologies deployed to enhance efficiency across the Group.

On behalf of the Board of Directors, I take this opportunity to assure our investors that the company is on track and destined for greater achievements in the coming years. We are grateful to our shareholders for their continued trust and confidence in the company's leadership and workforce.



HE Eng Khalid Bin Abdulaziz Al-Falih
Chairman of the Board of Directors

Board of Directors

Ma'aden's Board of Directors consists of ten members: six non-executive directors and three independent directors. The Public Investment Fund (PIF), our main shareholder, is represented by five members including the Chairman. The Vice Chairman is a representative of the General Organization for Social Insurance (GOSI). An independent seat remains vacant and will be filled later.



HE Eng Khalid Bin Abdulaziz Al-Falih
Chairman, Non-Executive

HE Khalid Bin Abdulaziz Al-Falih has been Ma'aden's Chairman of the Board since April 2016. He is Saudi Arabia's Minister of Energy, Industry and Mineral Resources and Chairman of Saudi Aramco. Al-Falih had a career at Saudi Aramco that culminated in his appointment as President and CEO from 2009 to 2015 and Chairman of its Board since then.

During the three decades he worked at Saudi Aramco, Al-Falih served in key leadership positions across the business lines of exploration, production, refining, marketing, international and operations services, and engineering and project management. He served as Senior Vice President, Gas Operations and Industrial Relations, and President of Petron Corporation, a past joint venture between Saudi Aramco and the Philippine National Oil Company.

He also had the opportunity to guide the development of Saudi Arabia's natural gas strategy and lead the development of major projects such as Petro Rabigh, Sadara, Satorp and Yasref, with the goal of achieving refining and petrochemical integration in cooperation with leading global companies.

Al-Falih holds a bachelor's degree in mechanical engineering from the Agricultural and Mechanical College (Texas A & M University), USA and an MBA from King Fahd University of Petroleum and Minerals, Saudi Arabia.



HE Sulaiman Bin Abdulrahman Al-Gwaiz
Vice Chairman, Non-Executive

HE Sulaiman Abdulrahman Al-Gwaiz was appointed to Ma'aden's Board on 1 January 2014. He is also the Chairman of the Executive Committee. Al-Gwaiz has been the Governor of the General Organization for Social Insurance (GOSI) since 2013.

Prior to his appointment to the Board, he held several senior positions in the banking industry in the Kingdom, working at Samba (formerly Saudi American Bank) and Riyadh Bank, gaining experience across diverse functions. He was the Deputy CEO of Riyadh Bank from 1991 to 2012. Since 1 October 2010 he has been a member of the Board of Directors of the Saudi Industrial Investment Group.

Al-Gwaiz secured his bachelor's degree in business administration from Portland University, USA, in 1981.



HE Eng Khalid Bin Saleh Al-Mudaifer
Vice Minister of Energy, Industry and Mineral Resources for Mining Affairs, Non-Executive

HE Khalid Bin Saleh Al-Mudaifer was appointed to the Board as Executive Director on 25 October 2011. He was the Chief Executive Officer from January 2011 until 1 June 2018 when he was appointed deputy minister. He sits on the Executive Committee and the Safety and Sustainability Committee.

Al-Mudaifer joined Ma'aden in 2006 and served as Vice President of Industrial Affairs and Vice President of the Phosphate and New Business Development Unit. He served as the General Manager of Qassim Cement Company from 1993 to 2006 and Vice President and Director of Finance at Eastern Petrochemicals Company (SHARQ) from 1987 to 1993.

Al-Mudaifer holds an MBA and a bachelor's degree in civil engineering, both from King Fahd University of Petroleum and Minerals in Saudi Arabia.



HE Eng Abdullah Bin Ibrahim Al-Saadon
Non-Executive

Abdullah Bin Ibrahim Al-Saadon was appointed to Ma'aden's Board on 28 April 2016. He is the Chairman of the Audit Committee and sits on the Executive Committee and the Safety and Sustainability Committee.

Having worked for more than 30 years at Saudi Aramco, his career provided him with experience in leadership positions. He is currently the President of the Royal Commission for Jubail and Yanbu (RCJY). Previously, he was President and CEO of SAMREF and Vice President of Saudi Aramco Gas Operations.

Al-Saadon holds a bachelor's degree in chemical engineering from King Fahd University of Petroleum and Minerals and a master's degree in chemical engineering from the University of Louisiana at Lafayette, as well as an MBA from the Massachusetts Institute of Technology (MIT), USA.



Richard O'Brien
Non-Executive

Richard O'Brien was appointed to Ma'aden's Board effective 25 October 2017. He is Chairman of the Safety and Sustainability Committee and sits on the Executive Committee. He was Chief Financial Officer and later CEO of Newmont Mining Corporation, one of the world's largest gold mining companies, during 2005-13.

During 1984-2000, he held several positions including that of Operations Manager and CFO at PacifiCorp, working in coal mining, power generation, distribution and transportation. He is a non-executive member of the Board of Directors of electricity company Xcel Energy, where he also chairs the Audit Committee and is member of the Operations Committee and Environment and Safety Committee. He sits on the Board of Directors of Vulcan Materials Company, which produces construction materials, and chairs the Audit and Environment and Safety committees.

O'Brien secured his bachelor's degree in economy from Chicago University, USA and professional doctorate in law from Lewis & Clark Law School, USA.



Dr Klaus Kleinfeld
Non-Executive

Dr Klaus Kleinfeld was appointed to Ma'aden's Board effective 25 October, 2017. He is member of the Nomination and Remuneration Committee and the Executive Committee. He was Chairman and CEO of Arconic (a leading multi-material, precision-engineered products and solutions company spun off from aluminium major Alcoa), during 2016-17.

During 2007-16, Kleinfeld held several positions in Alcoa, eventually becoming the CEO and Chairman of the Board. Between 1986 and 2007, he worked at Siemens in several positions, leading to his appointment as CEO. Prior to that he was consultant and product manager in the pharmaceutical industry in SGURD SNC.

He is an independent member of the Board of Directors of Fero Labs and founded his own company K2Elevation. He has previously sat on the Boards of Bayer AG (10 years), Morgan Stanley (six years) and Hewlett Packard (three years).

Kleinfeld holds a PhD in strategic management from Würzburg University and an MBA from Göttingen University, both in Germany.



Eng Abdullah Bin Mohammed Al-Issa
Independent

Abdullah Bin Mohammed Al-Issa was appointed to Ma'aden's Board on 28 April 2016. He is Chairman of the Nomination and Remuneration Committee. He has a unique portfolio of experience as a business leader.

He is the Chairman of Abdullah Mohammed Al-Issa Consulting Engineering, Riyadh Bank and Dur Hospitality. He also sits on the boards of leading companies including SABIC and Etihad-Etisalat (Mobily).

Al-Issa holds a bachelor's degree in industrial engineering and a master's degree in engineering management from Southern Methodist University, USA.



Eng Azzam Bin Yasser Shalabi
Independent

Azzam Bin Yasser Shalabi was appointed to Ma'aden's Board and its Audit Committee on 28 April 2016. He is member of the Audit Committee and the Nomination and Remuneration Committee. Shalabi is the CEO of the industrialisation and Energy Services Company (TAQA). Prior to that, he participated in establishing the National Industrial Clusters Program and served as its first President from 2007 until 2015. The program is an autonomous government entity managed by the Ministry of Energy, Industry and Mineral Resources.

Shalabi worked at Saudi Aramco for 25 years, and held a variety of leadership positions in facilities planning, new business development, business analysis and corporate planning, development of a refining and petrochemical project in China, and in project management for the Shaybah oil and gas facilities and Central Arabia oil facilities.

Shalabi holds an MBA from the Massachusetts Institute of Technology (MIT) and a bachelor's degree in civil engineering from Oklahoma State University, USA.



Lubna Bint Suliman Al-Olayan
Independent

Lubna Bint Suliman Al-Olayan joined the Ma'aden Board on 28 April 2016. She is a member of the Nomination and Remuneration Committee. She has built a distinguished local and international career, and in addition to being the Chief Executive Officer and Deputy Chairperson of the Olayan Financing Company, she is a board member of leading financial and industrial organisations including Alawwal Bank and Schlumberger. She also sits on several international advisory boards, including those of Rolls-Royce Group plc, Akbank, Allianz SE, McKinsey & Co and Bank of America Merrill Lynch.

Al-Olayan holds a bachelor's degree in science from Cornell University and an MBA from Indiana University. She has also received an honorary Doctor of Laws (LLD) from Trinity College, Ireland.

Record-setting 2018 is a precursor to bigger achievements

As 2018 drew to a close, we concluded the second wave of our investment programme with the start of commercial operations at our Wa'ad Al-Shamal phosphate plants and at our aluminium rolling mill business in Ras Al-Khair.



Darren Davis
President and Chief
Executive Officer
(Acting)

These events came after a remarkable 10-year journey of growth for the company since its IPO in 2008. It was fitting then that 2018 also saw Ma'aden's highest-ever revenues and earnings along with record production across our businesses.

The highlight of the year for our team though was the inauguration of Wa'ad Al-Shamal Industrial City by the Custodian of the Two Holy Mosques on 22 November 2018. We were all proud of this recognition of Ma'aden's decade of success in building a company – and in particular successfully executing an industrial development of the scale of the Wa'ad Al-Shamal in one of the most remote regions of the Kingdom. Once again, we have taken on the challenge of developing mines in remote locations and have demonstrated our ability to deliver for our shareholders and for our local communities.

'Building a mining giant', this year's annual report theme, is based on our IPO anniversary. It seeks to highlight what we have achieved over the past decade and how we are moving to the next phase of development which will be every bit as impressive as our last 10 years.

Competitiveness

As a commodity company, Ma'aden has always been, and will always be, focused on developing and operating industries that are sustainable and globally competitive. As we have built the company, we have had to overcome many challenges to ensure that we remain competitive whilst managing the difficulties of building industries new to the Kingdom often in very remote regions of the country.

We have successfully overcome these challenges by working closely with key stakeholders, not least with the local communities around our sites, where we continue to invest in education and in local supply chains. These initiatives go beyond our basic role as a responsible community member, and are an essential element of making our business sustainably competitive. We believe there is a competitive advantage in employing people from the local community in our operations

and in procuring as much as we can domestically – and whenever possible, from suppliers based in the localities in which we operate.

Availability of competitively priced essential inputs such as energy and water is also a critical element of our competitiveness. We continually work to improve the efficiency with which we use energy, be it electricity or gas, and water. It is incumbent on us to make use of these precious resources as efficiently as possible and in such a way as to add as much value as we can within the country. Our business model is built on these principles which we believe provides a solid foundation for Ma'aden to continue to earn the right to grow in Saudi Arabia.

It is also worth highlighting the great worth of the two industrial cities we have developed over the last 10 years – Ras Al-Khair and Wa'ad Al-Shamal. Both cities began as completely greenfield developments, and required a significant investment in infrastructure both by Ma'aden and our strategic partners. But having made this investment we now have two world-class industrial bases on which we can expand. We expect to see significant cost benefits to our next phase of growth as we build on these existing facilities.

It is operational excellence – the first pillar of our strategy – that will enable that growth. We are pursuing several initiatives to continually improve our operations, including the 2018 launch of a digitalisation programme that will bring the next generation of technology to our business, from exploration through mining and on to processing. We are already seeing the potential of this technology and we will be redoubling our efforts in 2019 to fully realise this potential in the coming years.

Business context

All three of our core business segments – phosphate, aluminium and gold – performed well in 2018 with strong operating performance and success in expanding the global market reach for our products being boosted by an improved commodity price environment.

The benefits of this are evident in our record profits in 2018.

Phosphate: Our first phosphate facility continued to expand production and in 2018 achieved record output levels. Our second three-million tonne per year phosphate fertiliser complex in Wa'ad Al-Shamal began commercial production in December 2018 having been steadily increasing production since late 2017. The plant will continue to ramp up in 2019 as we overcome technical challenges.

Global demand for phosphate remained robust in 2018 and absorbed supply growth comfortably which led to sustained strong prices. The long-term outlook remains positive and gives us a business which is less correlated to global economic activity than aluminium or copper. In 2018 we announced the award of a construction contract for the first plant in the next phase of our growth.

Aluminium: Our integrated aluminium production complex, one of the world's largest, had an outstanding year. In addition to further increases in production at our smelter, we reached record production in our alumina refinery. Also, following a successful ramp up of production, we achieved commercial operations at our aluminium rolling mill. Ma'aden has established itself as a globally recognised supplier of quality aluminium products and we look forward to further growth in the three facilities in 2019.

The volatility in the aluminium industry, particularly in alumina, during 2018 served to highlight the strength of our fully integrated model which ensured Ma'aden benefited from exceptionally high alumina prices while most of the smelting industry suffered. Again, the fundamentals for aluminium are strong and if we can maintain our competitive position, we have a business poised to grow in the coming years.

Gold: It was yet another year of record production, in large part driven by the Ad Duwayhi mine achieving full production in 2018. We continue to advance new projects as we seek to grow our business beyond its current production levels.

'Building a mining giant', this year's annual report theme, is based on our IPO anniversary. It seeks to highlight what we have achieved over the past decade and how we are moving to the next phase of development which will be every bit as impressive as our last 10 years.

We have begun to unlock the immense mineral wealth of Saudi Arabia by working cooperatively with key stakeholders within and beyond in Saudi Arabia – but mostly by developing our people into a focused, dedicated and professional team.

Gold prices weakened during the year but with more uncertainty in respect of the outlook for global economic growth, prices rallied towards the close of the year.

Copper: The Jabal Sayid mine reached record production in 2018 as we continue to explore options to extend the life of the mine and explore for further economically viable copper deposits in the Kingdom. Copper prices suffered during the year due to concerns over global economic growth, but we remain convinced that the medium and long-term fundamentals in the industry mean that copper will be an important part of our business in the future.

Safety

The mining industry has many inherent dangers and safety is a continuous focus. While we do have world-class health, safety and security, during the year we lost two of our men: one in an underground gold mine and one within our phosphate facility. Having also suffered fatalities in 2017 we recognise that we have to do much more to ensure that we provide a safe place to work for everyone on our sites, be they employees or contractors.

We have therefore launched the group-wide Safety Transformation Programme with the aim of strengthening the safety culture within Ma'aden and to create a 'zero harm' work environment. For Ma'aden's Board and executive management, any kind of compromise on safety is not acceptable, let alone harm to our people. We are fully committed to safety and welcome the Board's establishment of a Safety and Sustainability Committee to oversee this critical transformation programme. This will be a multi-year effort but we are confident that like so many other challenges that Ma'aden has overcome, we will overcome the challenge of creating a strong safety culture across our diverse locations and businesses.

Executing the 2025 strategy

Our strategy is focused on three pillars: operational excellence, building a national mining champion, and establishing a global presence.

As mentioned earlier, operational excellence is the key priority as we seek to maximise the value from our assets and maintain our competitiveness in the global markets. Our momentum is maintained by clear processes and procedures designed to engender a culture of continuous improvement. The digitalisation programme we began in 2018 will be an important part of executing this strategy.

As national mining champion, we are focused on developing the full potential of the minerals in which we are already successfully established: phosphate, bauxite/aluminium, gold and copper. We will also develop other minerals found in economically attractive scales in the Kingdom, particularly those that complement our business and capabilities. These include potash and zinc. An important element of our role as national champion is the development of the mining ecosystem in Saudi Arabia. We are continually looking for ways to encourage local providers to build capability in the mining sector services. Clearly this benefits Ma'aden, but it also plays an important role in supporting the aspirations of Vision 2030 to expand the mining sector and its economic contribution.

Exploration is another important element in Ma'aden's vision for further growth and development within the Kingdom. This is an essential focus for any mining company and an activity in which Ma'aden has invested heavily since 2000. Today, thanks to the positive changes in the Kingdom's business environment and new initiatives to develop the mining sector further, we believe that now is the right time to significantly increase our investment in exploration. In 2019 we are launching our largest-ever exploration programme, initially for a period of two years. Our primary focus is on exploring for gold and base metals such as copper, markets in which we believe there is great potential for growth. We will be deploying cutting-edge techniques and are confident of significantly increasing our pipeline of new mines in the coming years.

Finally, we continue to look actively at opportunities outside of the Kingdom where we see the potential to expand or where we see the opportunity to add value to our activities in the Kingdom. Particular areas of focus are the phosphate fertiliser, copper and gold businesses.

Sustainability

One of the most valuable contributions that Ma'aden has made to the Kingdom is its focus on developing its business in remote areas of the country. As explained earlier, our investments have a transformative effect on the communities that host our operations. We will continue to create positive social impact by providing local employment, boosting the local content in our procurements and supporting relevant community and social development programmes.

We are committed to using the Kingdom's energy and water resources responsibly. We are pursuing a number of initiatives in this regard. Some of them are part of our operational excellence programme where we constantly review the consumption of energy and water resources to achieve higher levels of efficiency. Other examples include the use of treated waste water in our operations. In 2018, we launched a study to determine the feasibility of using renewable energy in some remote locations which currently rely on diesel generators.

Outlook for 2019

In just 10 years, Ma'aden has grown from a very small gold mining prospect into a company established amongst the largest phosphate and aluminium producers in the world – and with a gold and base metals business heading in the same direction.

We have begun to unlock the immense mineral wealth of Saudi Arabia by working cooperatively with key stakeholders within and beyond in Saudi Arabia – but mostly by developing our people into a focused, dedicated and professional team.

There are few examples in the mining industry which can match the pace of growth that Ma'aden has achieved. What

is particularly exciting as we begin our next decade is the level of ambition I see at the company, and the opportunities before us, which make me confident that the next 10 years will be even more impressive than the past decade.

On behalf of the executive management, I take this opportunity to thank our Board of Directors for their leadership and guidance, our shareholders for their trust and confidence, our customers for their endorsement of our products, and our partners for their ongoing support to our operations, projects and new initiatives.

And I must thank our employees for their commitment and dedication. Our people demonstrate our values of integrity, ownership, teamwork and care throughout their work and give me complete confidence that we will successfully achieve the ambitious goals that we have set ourselves.



Darren Davis
President and Chief Executive Officer
(Acting)

Management Committee

Ma'aden's Management Committee was reconstituted in the fourth quarter of 2018. The reconstitution involved reassignment of functions and nomination of new members.



Darren Davis

President and Chief Executive Officer (Acting)



Khaled Bin Salem Al-Rowais

Executive Advisor to the CEO



Abdulaziz Asker Al-Harbi

Senior Vice President, Operation, EHS and Shared Services



Nabil Bin Abdulaziz Al-Fraih

Executive Advisor to the CEO and Senior Vice President, Human Capital (Acting)



David Schummer

Senior Vice President, Gold and Base Metals SBU



Ali Bin Saeed Al-Qahtani

Senior Vice President, Finance and CFO (Acting)



Hassan Al-Ali

Senior Vice President, Phosphate and Industrial Minerals SBU



Riyadh Bin Sa'ad Al-Nassar

Senior Vice President, Aluminium SBU



Khaled Bin Sulaiman Alohali

Senior Vice President, Corporate Strategic Affairs and Communications



Abdulaziz Nasser Al-Najim

Vice President, PME and Business Improvement



Ayed Hamoud Al-Mutairi

Vice President, Corporate Strategy and Development



Emad Mahmoud Al-Saadawi

Vice President, Corporate Exploration

Darren Davis

Darren Davis was appointed Acting President and Chief Executive Officer in 2018. He joined Ma'aden in 2012 as Director of Corporate Finance after a 20-year banking career and was promoted as Vice President, Corporate Finance in 2013 and Chief Finance Officer in 2016. His finance experience has primarily been in the natural resources and energy sectors and he has lived and worked in the Middle East since 1999.

His experience includes mergers and acquisitions, strategic advisory, debt raising, project finance and debt restructuring. At Ma'aden, Davis has focused on managing the company's extensive fund raising program and has played leading roles in establishing joint ventures with The Mosaic Company and Barrick Gold Corporation. He has been a Board member of Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC) and of Ma'aden Barrick Copper Company (MBCC).

Davis graduated in 1991 from Aston University, UK with a bachelor's degree in business and administration. He is an Associate of the Association of Corporate Treasurers (UK).

Khaled Bin Salem Al-Rowais

Khaled Al-Rowais joined Ma'aden in 2002 as Treasurer, was promoted to the position of Executive Director of Corporate Planning in 2008 and Vice President, Finance in 2011. He became CFO and SVP, Finance in 2014. He was appointed Vice President, Phosphate and Industrial Minerals SBU in 2016.

Al-Rowais began his career at the Banking Control Department of the Saudi Arabian Monetary Agency (SAMA) in 1984. In 1996, he moved to Saudi Basic Industries Corporation (SABIC), where he became manager of the finance section.

Al-Rowais earned a degree in accountancy from King Saud University in 1984. He is a member of the American Institute of Certified Public Accountants (AICPA).

Abdulaziz Asker Al-Harbi

Abdulaziz Al-Harbi joined Ma'aden in 2007 as President of Ma'aden Phosphate Company (MPC) and assumed his current position in 2018. He has 30 years of experience in project management, planning and operations. He has also served as the President of Ma'aden Bauxite and Aluminum Company and Ma'aden Aluminium Company (MBAC and MAC).

Before joining Ma'aden, he worked for SAFCO (SABIC affiliate) and SABIC headquarters.

Al-Harbi is a member of the MBAC and MAC Board of Directors, and an alternate member of Ma'aden Rolling Company (MRC) Board. He is the Chairman of the ERADH Board (Saudi Youth Development and Engagement Programs) and a member of the Jubail City Council.

He holds a bachelor's degree in chemical engineering from King Saud University, and a certificate in advanced management and leadership programme from Oxford University, UK.

Nabil Bin Abdulaziz Al-Fraih

Nabil Al-Fraih joined Ma'aden in 2005 as Executive Director for Human Resources and Industrial Security. He was appointed Executive Advisor to the CEO and Vice President, Industrial Security and Sustainability in 2016.

He began his career at the Saudi Industrial Development Fund (SIDF) and has 30 years of experience in corporate and industrial project management and marketing. He moved to Al Rajhi Cement Holding Company in 2009 as Vice Chairman and Managing Director and returned to Ma'aden in October 2011 as Vice President of

Precious Metals SBU. In 2014, he was appointed SVP, Human Resources and Sustainability. He is the Chairman of the Board of Directors of the Ma'aden Gold and Base Metals Company (MGBM).

Al-Fraih holds a bachelor's degree in civil engineering from King Saud University in Riyadh.

David Schummer

David Schummer was appointed SVP, Gold and Base Metals SBU in 2018. Prior to joining Ma'aden, he was Executive Vice President and Chief Operating Officer at New Gold Mining Corporation. Earlier in his career, David served in various operations leadership roles for Newmont Mining Corporation over a 22 year period, including Vice-President of Operations and Senior Vice-President of Newmont's Africa operations. Schummer has over 30 years of experience in the mining industry and earned his bachelor's degree in finance from Regis University, U.S.A.

Ali Bin Saeed Al-Qahtani

Al-Qahtani joined Ma'aden in 2011 and was appointed Senior VP of Finance and Acting CFO in 2018.

He has 25 years of experience in finance, having worked as financial analyst at the Saudi Industrial Development Fund (SIDF), Client Account Manager at the Al-Rajhi Bank, Assistant General Manager for Planning and Finance at the Qassim Cement Company and Vice President and CFO at Tawuniya Insurance Company.

Al-Qahtani holds a Bachelor of Commerce degree in accounting from the King Saud University, Saudi Arabia, and a Certified Public Accountant (CPA) diploma from the Kingdom of Saudi Arabia.

Hassan Al-Ali

Hassan Al-Ali joined Ma'aden in 2010 as a senior manager and has served as Director, Strategy, Planning and Business Development, General Manager of Industrial Minerals Company (IMC), VP Operations and later President of Ma'aden Phosphate Company (MPC). In 2018, he became VP, Projects and Manufacturing and SVP (Acting), Phosphate and Industrial Minerals SBU. He is also Chairman of IMC and Board Member of Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC).

He began his career at Tabuk Cement Company and moved to SABIC subsidiary Arabian Industrial Fibers Company (IBN RUSHD) in 1994 and was later a manager at SABIC's Polymer SBU.

Al-Ali earned his Bachelor of Science in Mechanical Engineering (Production) from King Abdulaziz University, Jeddah.

Riyadh Bin Sa'ad Al-Nassar

Riyadh Al-Nassar joined Ma'aden Phosphate Company (MPC) in early 2013 as VP Technical, was promoted to President in mid-2014, and in 2016 was appointed Ma'aden VP of Project Management and Engineering with the added responsibility of leading the Consolidated Support Services (CSS). He is a Board Member of Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC).

He has more than 20 years experience in engineering, project management, planning and maintenance. Al-Nassar worked at Eastern Petrochemical Company (SHARQ), SAFCO, MARAFIQ and Gulf Cooperative Council (GCC) Interconnection Authority before joining Ma'aden.

He holds a Bachelor's degree in electrical engineering from King Fahd University of Petroleum and Minerals.

Khaled Bin Sulaiman Alohali

Khaled Alohali joined Ma'aden in 2014 as a Vice President of Strategy, Planning and Development.

He also led the Ma'aden Aluminum's strategy until he was appointed to his current role. He is an alternate member of the MBAC and MAC Board of Directors, and a member of MRC Board of Directors.

In the 20 years prior to joining Ma'aden, Khaled held leadership positions in the public and private sectors. He worked at the Project Management Office of Saudi Arabian Economic Offset Program, was a consultant for the Ministry of Petroleum and Mineral Resources and was the Vice President of the National Industrial Clusters Development Program. He led the Saudi side of the Saudi-Japan Industrial Cooperation Taskforce and also had a stint as the Vice President of Charles River Associates International (CRAI) and was the Managing Director in Saudi Arabia.

Alohali holds a BSc in mechanical engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia.

Abdulaziz Nasser Al-Najim

Abdulaziz Al-Najim has solid project management experience both within and outside Ma'aden. He joined Ma'aden at the beginning of 2009 as a Director, Project Management and Engineering. He has since occupied other senior roles, such as, Director, Transformation Program (ETGAN), Vice President, Technical within MPC, and Vice President, PMO and Engineering.

Before joining Ma'aden, Al-Najim worked for SABIC where he had a solid track record in both Engineering and Project Management. During his tenure he led key business projects.

Al-Najim obtained a Bachelor's degree in system engineering/ automation from King Fahd University of Petroleum and Minerals.

Ayed Hamoud Al-Mutairi

Ayed Al-Mutairi joined Ma'aden in 2010 and was VP, Strategy, Planning and Development for Phosphate and Industrial Minerals SBU prior to his appointment as VP Corporate Strategy and Development in 2018. Previously he worked for 16 years at SABIC, holding several management roles in the company's fertiliser business.

He currently sits on the Board of Directors of Ma'aden Phosphate Company (MPC). He has played a leading role in Ma'aden's phosphate and industrial minerals business and held multiple terms as a Board member at the Industrial Minerals Company (IMC). He played an active role in regional and global bodies such as the International Fertiliser Association (Regional Ambassador), Arab Fertiliser Association (Economic Committee Chairman) and Gulf Petrochemicals and Chemicals Association (Fertiliser Committee Member).

Al-Mutairi earned his Bachelor of Marketing Science degree from the King Fahad University of Petroleum and Minerals, KSA.

Emad Mahmoud Al-Saadawi

Emad Al-Saadawi joined Ma'aden in 1992 and was appointed VP, Exploration in 2016. He leads a team of geoscience specialists providing innovative solutions to mineral exploration.

He has more than 24 years of extensive experience in mineral exploration in various senior roles as Chief Exploration Geologist, Chief Evaluation Geologist (Ore Resource Modeller) and Director, Exploration Technical Services. He was a Board Member of Industrial Minerals Company (IMC) and currently sits on the board of MGBM.

Al-Saadawi earned a Bachelor's degree in earth science from King Abdulaziz University, Jeddah, in 1992 and, a Master's degree in mineral resources from the University of Wales, UK in 1996.





03 Strategy and business model

People, safety, technology and excellence are the focal points of our 2025 strategy

Digitalisation, lean management are now integral to 2025 strategy

Our 2025 strategy and long-term business model continue to deliver excellent results. They have helped us tide over difficult times and deliver what we promised our would-be shareholders a decade ago.

As we celebrate Ma'aden's achievements in the 10 years since its historic IPO, it is a matter of great pride that we have delivered what we promised our shareholders in 2008: explore and develop Saudi Arabia's mineral resources, industrial growth and diversification, excellence in operations and management, development of human capital and meaningful sustainability and social responsibility programmes.

The strategy and business model that we presented to investors have worked extremely well, and we are well on our way to become "a sustainable mining champion with global presence". Ma'aden's IPO prospectus, published in 2008, clearly spelt out the company's objective and strategy:

"Ma'aden's objective is to become a world-class diversified mining and minerals group, and to enhance overall value for its shareholders... Ma'aden's main strategic driver is to successfully

exploit the large phosphate and bauxite deposits over which it has mining rights through the production of DAP and primary aluminium ingot. It also plans to achieve significant growth in its gold mining business by exploiting known gold resources and developing new prospects primarily within the Central Arabian Gold Region over which it has secured mining or exploration rights."

In the 10 years since, we have done exactly that. Today, Ma'aden is a world-class diversified mining and minerals company that operates two large-scale phosphate complexes, an integrated aluminium value chain, six gold mines, a copper concentrate plant and niche industrial minerals plants.

The growth of the mining industry and the potential it holds for the future have led to the building of two new industrial cities in the Kingdom - Ras Al-Khair and Wa'ad Al-Shamal. The inauguration of Wa'ad Al-Shamal on 22 November 2018 and Ras Al-Khair in 2016 by the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al-Saud was recognition of our strategy and success at the highest level in the Kingdom.

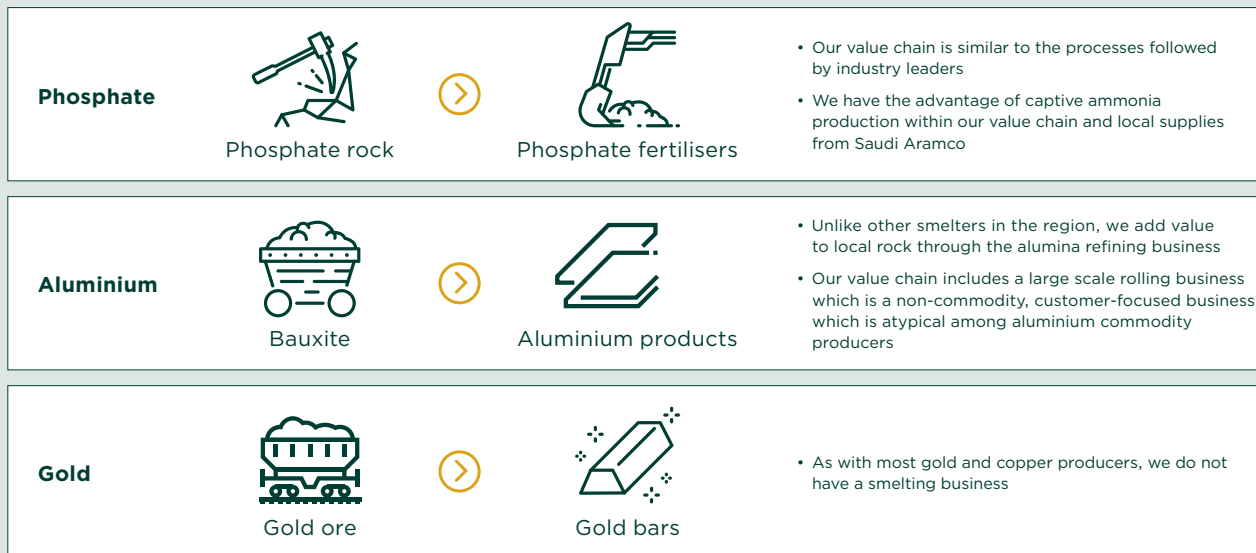
Below: Digitalisation will have a significant impact on all aspects of Ma'aden's strategy



In 2016, we adopted our 2025 strategy, effectively accommodating the changes and new trends, tackling the challenges and addressing anticipated developments in the global mining industry and commodity markets.

Recognition has also come from our shareholders. The consistent performance of our stock on the Saudi stock market over the years is the strongest sign of investor confidence in the company. Ma'aden's share price

The value chain



Note: The integrated value chains are presented in the Operations and business section under each business.

Business model: industries that add value to natural resources

Our well-founded business model rests on the principle of adding value to Saudi Arabia’s natural resources while maximising returns to shareholders.

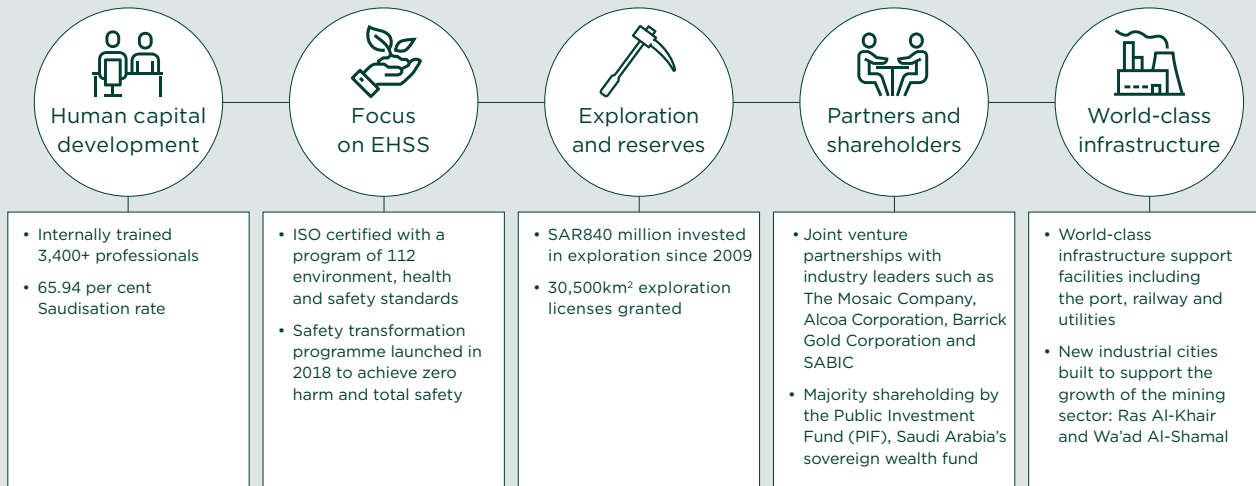
We hold exploration licences over 30,500km² of land and we have the mandate to build industries that will use the extracted ores as raw material. We acquire advanced technology, not only to establish new industries to process the ores and manufacture quality products, but also to achieve operational, capital and commercial excellence.

Our operations consist of exploration, extraction, processing and conversion of natural resources into diverse products

that are sold locally and internationally. Our business is managed through well-structured strategic business units (SBUs) based at the company’s headquarters: phosphate and industrial minerals, aluminium and gold and base metals.

The SBUs, supported by corporate departments, oversee the industrial operations spread across Saudi Arabia and business operations that deliver our goods to 22 global markets.

Human capital, environment, health, safety and security (EHSS), exploration and reserves, partners and shareholders and infrastructure are the key pillars of our business model that have enabled Ma’aden to achieve its success over the past decade.



Strategy and business model

has increased from SAR20 (base price of SAR10 and a premium of SAR10) in 2008 to SAR52.5 at the end of 2018, offering excellent returns to our shareholders.

2025 strategy

In 2016, we adopted our 2025 strategy, effectively accommodating the changes and new trends, tackling the challenges and addressing anticipated developments in the global mining industry and commodity markets. Operational, capital and commercial excellence, Ma'aden's aspiration as a national mining champion and plans for global growth are the three core pillars of the 2025 strategy, built on a solid foundation of sustainability and capability building.

We refresh our strategy every year, conducting exhaustive reviews of the current external environment and internal operations. As our strategy consists of a diverse basket of thrusts, our annual reviews work as an opportunity for us to lay more emphasis on selected thrusts for a certain period of time. This enables us to lend added emphasis to certain elements of strategy while retaining the focus on the core.

Safety tops 2018 refresh

Safety received top priority at the 2018 strategy review as the Board of Directors and the executive management were seized of the need for urgent corrective action in the wake of fatal accidents at our sites in 2017 and 2018. The focus on safety resulted in top-level intervention, with the establishment of a Board committee and an executive management committee to oversee the function. It also led to an enterprise-wide safety transformation programme.

Implementation of new initiatives

We identified digitalisation and lean management as two major strategic priorities that need to receive greater attention across the Ma'aden Group to speed up enterprise-wide transformation, making the organisation more efficient in operations and business management.

Both initiatives have been integrated into our strategy as important tools that will have far-reaching and positive impact on Ma'aden's performance. They will also enable Ma'aden to play its role as the national mining champion more efficiently by supporting the further development of Saudi Arabia's mining industry ecosystem.

In taking forward the digitalisation and lean management initiatives, we have already taken concrete steps during 2018.

Digitalisation

We are partnering with reputable industry leaders to deploy digital transformation solutions across our operations and business functions. Ma'aden has been investing in technology-led manufacturing and business solutions over the past decade. Our new partnerships specifically tailored to enhance digitalization will contribute significantly to the goal of transforming Ma'aden into a truly 21st century global mining company.

Digitalisation will have an impact on all aspects of Ma'aden's strategy. It will help us achieve all-round excellence, making us more competitive and unlocking a new wave of value creation through exploration, operations and business management. It will enhance our capability to be the national mining champion and play a stewardship role in the sector. New digital solutions will also strengthen the task of investing in and managing global operations.

Ma'aden's digital transformation in 2018 has matured with the progression of the Digital Program across the business. The program's core business focus has resulted in key digital initiatives being targeted, with advanced analytics pilot projects across Ma'aden Aluminium and Ma'aden Phosphate Company proving business cases for improved throughput. As we continue to pursue technology to further optimize operations, the implementation of the digital twin with data analytics in our aluminium smelter is expected to deliver benefits through the reduction of process variability and energy consumption.

As the digitalization campaign gains more traction and as we enter new partnerships to transform the way we operate and do business, in 2019 we will deliver the key digital initiatives to return value to the business and build sustainable momentum in defining the digital program roadmap. Digitalization supplements and enhances the diverse industrial solution that Ma'aden has already implemented. Digitalisation initiatives will build upon the Ma'aden technical ecosystem to optimize plant production, deliver safety programs and support achievement of the business goal of competitive sustainable growth.

As the digitalisation campaign gains more traction and as we enter new partnerships to transform the way we operate and do business, we will deliver value from the digital initiatives and build sustainable momentum in the digital program.

Lean management

We launched an enterprise-wide lean management programme in 2018 as part of our drive to consistently achieve higher levels of excellence. The programme, based on lean principles, including 'kaizen', 'total productive maintenance' and continuous improvement methodologies, covers Ma'aden's operations and functional areas and involves all staff, from the shop floor worker to the CEO.

Ma'aden Aluminium has been implementing a pilot programme with the introduction of training for green, yellow and black belts along with other lean management tools. With green belt training already on-going, the first batch of black belt training was completed in 2018 and several Lean management events were conducted across Ma'aden that focused on eliminating waste.



Based on the learning from the pilot programme and global experience, we are developing appropriate lean management material and training plans with a special focus on safety to be rolled out across all operations. Lean management KPIs are being incorporated into business plans to track results and ensure compliance.

Cash generation, local content

The practice of refreshing our strategy every year enabled us in recent years to take urgent action and adopt programmes to enhance efficiency and performance.

For example, in 2016 we adopted cash generation as a major savings programme under operational excellence. Over the past three years, we have developed and implemented multiple initiatives, setting cash generation targets across the organisation and achieving them. This process continues, as there are periodic assessments of cash generation opportunities, resulting in setting targets and embedding them in the business plans. The cash generation programme has resulted in a saving of SAR3 billion over the 2016-18 period.

In 2017, we elevated local content as a major strategic objective for the coming years in line with Vision 2030. Ma'aden's focus on local content in procurements and employment has strengthened steadily over the years. The added emphasis has resulted in major achievements in boosting local content as well as laying a well-defined path ahead to achieve more.

Looking forward

The Ma'aden organisation has evolved considerably over the past decade, steadily becoming more robust by investing in people, technology, equipment and best practices throughout the enterprise. Our Board of Directors plays a proactive leadership role, strengthening corporate governance and effectively guiding the organisation in developing strategic initiatives and meeting diverse challenges related to operations and business management.

The current strategic initiatives underway, captured in different chapters in this annual report, will have a major impact on further transforming the organisation and affirming Ma'aden's status as a sustainable mining champion with global presence.

Above: Our new safety transformation programme aims to achieve the goal of zero harm at our operations



04 Sustainability



Left: Environmental monitoring systems at one of our operations sites Above: Students from the Northern Borders Region visiting our industrial facilities as part of Ma'aden's support to the Mawhiba programme for gifted students, which is among the many social programmes we are supporting.

Fresh boost from Board of Directors

Ma'aden's growth and aspirations make it essential for us to embrace sustainability wholeheartedly, set clear targets and achieve them. Over the years, we have laid the groundwork for a successful sustainability journey ahead.

Our current sustainability strategy rests on programmes and initiatives structured under four broad pillars:

- excellence in sustainable business
- excellence in environment, health, safety and security (EHSS)
- social impact
- economic and resource impact.

Under these four pillars, we have adopted 15 sub-initiatives that together make up our sustainability action plan for the period 2017-2021 (see pages 48-49). More detailed achievements related to human resources, EHSS, local content, social impact and ICT are presented in dedicated chapters in this section.

Board's oversight

Sustainability received a fresh boost in 2018 when Ma'aden's Board of Directors elevated it to be part of the company's corporate governance structure and agenda, along with EHSS. Through the newly established Safety and sustainability committee, the Board will provide

oversight on strengthening our sustainability programmes and their implementation. It will focus on:

- the safety and health of our people including the contract workers,
- the security of our people and assets,
- environmental affairs and stewardship
- community engagement including public health issues, social investment and sustainable development programmes,
- internal and external goals
- metrics related to the above.

With the Board of Directors assuming a greater role in driving sustainability through the committee, we will be in a stronger position to implement the action plan more efficiently. The committee will review all policies, management processes and business plans related to sustainability and ensure that sufficient human and budgetary resources are allocated for the programmes.

Ma'aden's sustainability goals aligned with seven sustainable development goals



Our sustainability initiatives



Excellence in sustainable business



To be internationally endorsed for being an innovation-led and value-focused business

- | | |
|-------------------------------------|---|
| 1. Develop sustainability practices | To be internationally endorsed for being an innovation-led and value-focused business |
| 2. Embed circular economy concept | Embed circular economy concept in all new businesses |
| 3. Adopt GRI reporting framework | Achieve GRI reporting standards |
| 4. Establish cost impact mechanism | Develop sustainability costs and impact tracking system |



EHSS excellence



To establish a performance-and culture-based EHSS system across Ma'aden enabled by the latest technology

- | | |
|--|--|
| 5. Embedded EHSS culture | Fully embedded EHSS culture in Ma'aden operations and stakeholders |
| 6. Participating in development of mining regulations mining regulations | Ensure expert perspectives are embedded in all regulations by collaborating with key mining regulators |
| 7. Manage footprint | 3% reduction in footprint |
| 8. Roll-out safety, security and fire systems technology | Introduce best-in-class technologies with emphasis on zero harm |
| 9. Integrate emergency response | Integrated in all sites and achieve ISO 22320 certification |



Social impact



To be a welcomed neighbor in an empowered ecosystem

- | | |
|---|--|
| 10. Mature social engagement | Level 4 assured by community |
| 11. Promote social brand and fund | Establish fund and publish audited report annually |
| 12. Integrate within the local ecosystems | Improve stakeholder satisfaction (internally and externally) |
| 13. Develop local content | Develop local purchasing, supply chain, and businesses |



Economic and resource impact



To achieve excellence in assets utilisation and utilities optimisation across the organisation

- | | |
|--------------------------------|--|
| 14. Maximise asset utilisation | Increase asset utilisation by 3-5% through reliability programme |
| 15. Optimise raw materials | Exceed theoretical specific consumption |

Top 10 material issues



Materiality analysis

Over 2017 and 2018, we completed the first Ma'aden materiality analysis based on exhaustive consultations through workshops with the participation of selected cross sections of internal and external stakeholders.

The internal attendees consisted of representatives of our strategy, human resources, EHSS, investor relations and enterprise resource management departments. The external stakeholders included representatives of the Saudi government, Ma'aden's joint venture partners, contractors, mining industry bodies, customers and non-governmental organisations. The materiality analysis shortlisted 10 most important issues for Ma'aden (visual on the left).

ICMM membership

In 2018, we took another step in our preparations to seek membership of the International Council on Mining and Metals (ICMM) by hiring an external consultant to assess our readiness. ICMM is the global industry body promoting sustainability practices with a focus on safety, environmental and social performance and enhancing mining's contribution to society.

We are committed to enhance Ma'aden sustainability reporting using the Global Reporting Initiative (GRI) standards from 2019.

Over the years

Ma'aden's formal sustainability journey began only five years ago when we established a corporate department to define and lead a business-aligned sustainability strategy and programme. Since then, we have formulated and revised our sustainability strategy twice, aligning them with our business and global trends.

We also consolidated the disparate corporate social responsibility (CSR) programmes across the Group.

Over the years, Ma'aden's focus on its people and the hosting communities has led to remarkable results. Today, 70 per cent of our Saudi staff at our operations sites belongs to the local



The integrated solar combined cycle (ISCC) power plant uses a combination of solar power and natural gas to fuel our Wa'ad Al-Shamal plants, contributing to the national goal of increasing the share of renewable energy in the power mix.



communities that host our operations. Our new local content strategy will continue to ensure that local people and local development are key considerations in all operations and new projects (see page 61).

Ma'aden's projects have driven economic and social development in the regions where our mines and plants are located. In 2016, as the world embraced the 17 UN sustainable development goals (SDGs) of the 2030 Agenda for Sustainable Development, we conducted our own study to analyse the impact of Ma'aden's growth on development and our capability to contribute. The exercise resulted in us adopting the seven SDGs that are most relevant to our CSR award industrial and business activities.

Besides the direct economic benefits, Ma'aden continues to execute a number of CSR programmes in the regions that are specifically aimed at meeting our hosting community needs. Our largest contribution has been in the field of education, with major projects such as the establishment of the Saudi Mining Polytechnic (SMP) in Arar and two high schools, one in Arar and the other in Turaif in northern Saudi Arabia. We built these institutions in partnership with the Ministry of Education and the Saudi Technical and Vocational Training Corporation (TVTC).



Our efforts were recognised at the 2018 Arabia CSR Awards ceremony by the Arabia CSR Network when we were conferred first place in the 'partnerships and collaborations' category of the awards.

Top: The SMP is dedicated to building a mining-focused Saudi workforce
Below: The Ma'aden team receiving the CSR award

Our sustainability action plan, 2017-21

1

Develop sustainability practices

- Conduct gap analysis and bridging plan to meet ICMM and Responsible Care standards
- Work closely with ICMM and Responsible Care to attain their certifications
- Study, assess and map Ma'aden handprints
- Develop stakeholder communications programme for handprints

2

Embed circular economy

- Develop the KPIs for circular economy programme
- Deliver circular economy KPIs

3

GRI reporting standards

- Conduct stakeholder engagement survey
- Materiality mapping
- Training of certified reporting staff
- Develop reporting process to facilitate GRI G4 reporting
- Generate Ma'aden G4 Sustainability Report
- GRI reporting assurance

11

Promote Ma'aden's social brand and fund

- Review international funding models and best practice
- Develop strategic plan for a Ma'aden fund to support social programmes
- Develop partnerships with potential collaborators
- Develop flagship initiatives

10

Social engagement

- Ensure that all operating sites reach and maintain level 3 of Ma'aden's Community Management System (CMS) by 2019
- Develop level four programmes together with subsidiaries and operation sites
- Gap analysis, site readiness and bridging plan
- Establish assurance process for the programmes
- Leverage IT and emerging technology to optimise social performance and automation in programme implementation

12

Integrate within local ecosystems

- Review global industry experience and best practice
- Develop the Ma'aden local ecosystems programme
- Embed the local ecosystem in Ma'aden's strategy and business plans

13

Develop local content

- Review global experience and best practices
- Fine tune and continue strengthening Ma'aden's local content programme
- Embed local content in Ma'aden's strategy and business plans

4

Cost benefit analysis

- Establish the reporting model
- Capture sustainability investments in financial reporting
- Embed all sustainability investments in corporate accounting systems

5

Embed EHSS culture

- Crisis management plans in place (2017)
- Conduct gap analysis for each operational unit against Ma'aden's EHS system
- Achieve and sustain Ma'aden's EHS excellence level
- Achieve 30 percent completion in Diamond 5 by 2020

6

Stewardship role in setting mining standards

- Ensure that management of all operations and projects meets local and international standards
- Take the lead in proposing mining standards to be added to Saudi regulations

9

Integrate emergency response

- Integrate the approved emergency response plan throughout Ma'aden

8

Safety, security and fire systems

- Review and update security policies and procedures (2017)
- Monitor and implement new directives from Saudi High Commission for Industrial Security (HCIS)
- Provide project technical support to comply with HCIS and other directives

7

Environmental footprint

- Measure footprint baseline
- Determine reduction targets
- Set target for five years
- Report on progress

14

Asset utilisation and reliability programme

- Develop and implement reliability-based maintenance programme to maximise asset utilisation and prevent disruptions
- Collect and validate corrective and preventive maintenance data
- Develop inventory of critical components
- Leverage technology to monitor and ensure the effectiveness of maintenance work

15

Consumption check

- Develop raw materials and resources optimisation programme
- Monitor and report consumption of resources (water, energy and raw material) per unit of production and benchmark against industry standards and theoretical data
- Report cost analysis for resources and production

Grooming leaders and building the workforce of the future

Our success in building a specialised work force for the mining industry is one of Ma'aden's greatest achievements in the post-IPO decade. As we continue to do that we are now also focusing on grooming the leadership and talent needed for Ma'aden's future needs.

The recruitment and development of people with the most appropriate knowledge, talent and skills is one of the biggest challenges that Saudi Arabia faced in developing a modern mining industry, albeit that these are universal challenges irrespective of country or industry.

The absence of a skilled and trained workforce and the tough and remote terrains of our sites are the most important human resource challenges we have been battling and effectively overcoming. As of 31 December 2018, our workforce consists of 5,772 people and our Saudisation level stands at 65.94 per cent.

Ma'aden's IPO prospectus in 2008 touched upon this as it explained how the company intended to build a world-class mining industry in Saudi Arabia. It cited building "Ma'aden's human resources at all levels so as to meet the needs of running a rapidly expanding diversified mining business" as a strategic priority.

Over the past decade, we have invested heavily in people, programmes and institutions to achieve that. Those investments have delivered great results for the Ma'aden Group across wide-ranging management functions and job requirements of our diverse industries, from mining to manufacturing and marketing.

The recently concluded HR value survey results show that our people-related initiatives and programmes are contributing immensely to the company's growth and profitability.

We continue to make new investments in people development programmes and building educational institutions that offer vocational courses tailored to the needs of our industry. Our focus today has shifted to more strategic human capital goals and the vision of making Ma'aden one of the top three employers in Saudi Arabia.



We have created a Ma'aden integrated talent management framework that works as a road map for the company's future talent management projects and investments. The framework integrates multiple talent processes across Ma'aden and its subsidiaries and diverse functions and programmes such as:

- learning and development
- organisational design and staffing models
- compensation and benefits
- strategic sourcing and recruitment
- performance management
- career architecture
- talent identification and succession planning.

Learning and development

Our learning and development programmes promote a culture of learning within the organisation in order to enable people to grow professionally and expand their skill sets. We have further strengthened our ongoing partnerships with the Saudi Ministry of Education (MOE), Saudi universities and the TVTC.

In 2018 the SMP graduated 63 operators and also launched an up-skilling program for Ma'aden's operators at Al-Amar and Mahd Ad Dhahab mines, aimed at improving performance, enhancing safety and reducing cost. SMP has developed a 10-year strategy that targets growth, excellence and more community services including talent identification and development.

The Arabia CSR Network (ACSRN) honoured Ma'aden's partnership with TVTC in 2018 when we won the partnerships and collaborations category of the Arabia Corporate Social Responsibility (CSR) programme.

In collaboration with the MOE, we implemented a scholarship programme, and selected four promising candidates to major in mining-related disciplines at universities in the US and Australia. Another five MOE scholarship students are already in the US and Australia finishing their preparatory year courses before starting their university programmes in geology and mining engineering.



We continue to facilitate continuous development and growth of Saudi staff through targeted educational programmes. Six Ma'aden operators who initially graduated from SMP completed a bridging programme and graduated from King Abdulaziz University with a bachelor's degree in earth sciences. They have since been absorbed in our professional workforce with the 2018 Professional Development Programme cohort.

We have also partnered with the King Abdulaziz and his Companions Foundation for Giftedness and Creativity (Mawhiba) and sponsored 20 gifted students from the Northern Borders in an enrichment program at Imam Abdulrahman bin Faisal University. The students were honoured by HRH Prince Faisal bin Khalid, the Governor of the Northern Borders Region.

We are enabling our employees to leverage online courses through digital platforms to embed a culture of continuous learning. From across the enterprise, our staff have used 200 licenses of e-learning as of 2018, translating into 6,133 hours of learning and resulting in 2,169 certifications.

We have designed a Ma'aden certification programme for professionals at junior, mid and senior levels for 14 professions. A team of senior leaders involving key internal stakeholders participated in the review and development of a reference guide for certification.

Left and above: Our industries continue to offer diverse career opportunities for Saudi nationals, especially the youth



Workforce as of 31
December 2018

5,772
people

Ma'aden workforce by category, as of 31 December 2018

Affiliate	Direct	Contractor	Secondee	Trainee	Total	Saudisation
Corporate	506	39	1		546	68.77%
MGBM	869	67		60	936	64.48%
IMC	99	7		3	106	78.43%
MAC	1373	354	6		1733	68.75%
MBAC	632	90	33		755	67.09%
MRC	460	144	1		605	55.00%
MPC	1044	130		2	1174	70.94%
MWSPC	789	238	15		1042	60.96%
Total	5772	1069	56	65	6897	66.32%

Note: Direct hire Saudisation level is 65.87%

Staff training programmes

Year	No. of courses	Attendees	Ma'aden staff
2012	138	7515	827
2013	164	12103	1721
2014	150	7252	1749
2015	139	3707	1258
2016	139	3489	1317
2017	130	3626	1300
2018	119	5827	2413
Total	609	43519	4288

Note: Attendees include contract employees

(Arabic for top) Fellowship programme, it offers fellowships for qualifying students in universities inside and outside the Kingdom. Five senior Ma'aden executives participated in interviewing and selecting the top 50 Qimam fellows.

Under the Ma'aden Academy, we have launched a series of new programmes, primarily focusing on developing leadership and functional competencies. These include tailored programmes for senior leaders and high potential employees at four managerial levels.

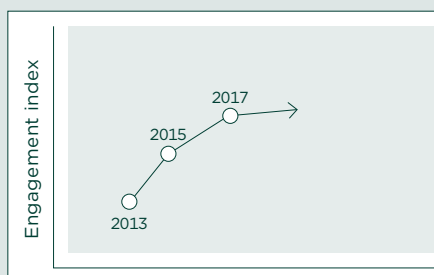
Through partnerships with local universities, several Ma'aden executives were enrolled in MBA and EMBA programmes, helping them to sharpen their leadership skills and business acumen. In 2018, two employees graduated with MBA degrees and eight are pursuing MBA and EMBA programmes.

Women on board

We have adopted a strategy to increase the number of female staff. We have made a beginning with the appointment of women in senior positions in investor relations, project management and engineering and human resource departments.

Employee engagement

Ma'aden has made significant progress since 2013 in improving the level of engagement of employees. This progress is the result of a concerted effort by the executive leadership to address issues identified as part of the employee engagement survey and focus groups. Ma'aden's latest employee engagement survey result is three percentage points above the IBM Kenexa global and Saudi norms.

Employee engagement, 2013-17

Our 2017 employee survey revealed that our employee engagement and performance enablement have steadily improved since we began the survey in 2013.

Our 2017 score of 76 per cent in both categories is 3 per cent higher than both the global and Saudi norms.

Succession planning

In 2018, we made excellent progress in developing Ma'aden's talent pipeline across different levels of management. We identified 303 people through our integrated talent identification and development process. Our talent review committee, chaired by the President and CEO, works with sub-committees at subsidiaries to sustain and develop the pipeline each year.

Ma'aden partnered with McKinsey on a program to scout Saudi campuses and identify leadership talent. Called Qimam

Towards a culture of zero harm and total safety

We are implementing a Ma'aden-wide transformation programme that relies on the risk-based approach to safety to build a culture where safety is a pre-condition for work.

Ma'aden's safety systems and policies have undergone tremendous changes over the past decade, driven by a commitment to continuously upgrade and adopt higher safety standards. These changes have also enhanced and supported Ma'aden's growth and diversification.

Yet, safety remains a major concern for our leaders and staff including the Board of Directors and the executive management. We lost two staff members in 2018 to incidents in our gold and phosphate operations. Coming after the loss of two lives in 2017, the severity and frequency of these incidents led us to conduct an exhaustive re-evaluation of our approach to safety and to recognise that it is not enough to have advanced safety standards, policies and procedures to ensure zero harm and safe operations.

Our safety culture transformation programme is the result. The programme will shift our performance-based approach to a risk-based approach to safety and enable us to build a culture where safety is a pre-condition for work.

The performance-based approach relies on 'finding and fixing' deficiencies that have been identified through incidents, near misses and unsafe conditions and actions. The risk-based approach, which is being increasingly adopted by leading businesses world-wide, is founded on building organisational resilience through proactively identifying and predicting the things that may cause incidents and putting in place pre-emptive barriers.

Overview of the transformation programme



STP is how we manage safety and risk. It is the transformation programme to deliver a safety culture of zero harm, the risk-based approach to safety and safe operations.

- **Safety leadership** – consistent, felt leadership in safety matters
- **Communication and engagement** – compelling, easy-to-use and understand for all our staff
- **Safety competency** – providing the training and competencies that allow us to do the job safely, every time
- **Governance** – oversight that our safety journey is on track
- **Systems, policies and procedures** – designed to deliver safe production
- **Reporting and metrics** – providing lessons learned and measuring the progress of our safety journey through leading and lagging metrics

Safety performance

	2016	2017	2018
TRIR (total recordable injuries)	0.25	0.24	0.45
LTIR (lost time injury rate)	0.03	0.05	0.20
Fat (Fatalities)	0	2	2
Fire (Class 1 & 3) (Major)	1	3	0



The transformation programme aims to enable every staff member to work towards the goal of zero harm

In 2018, we defined the foundational elements of the STP. Safety has been made integral to corporate governance and this has led to three concrete actions at the leadership level:

- The Board of Directors has established a Safety and Sustainability Committee that functions alongside the other Board sub-committees as part of Ma'aden's corporate governance programme.

- The committee works closely with the newly formed Executive Safety Council.
- These bodies provide the assurance that the strategies and actions that are being taken to continuously improve our safety performance are delivering the desired outcomes.

This level of governance provides an increased level of oversight and supervision of safety and risk at all levels of the organisation. At a Board level, there is stringent oversight of the company's safety strategy and whether it is delivering the desired performance outcomes.

The Executive Safety Council is assessing safety and risk on a more tactical level, ensuring that the systems and processes that make up the strategy are being implemented within the business. The corporate and subsidiary safety teams are working together to design and implement the processes and systems that will deliver the performance improvements under the risk-based approach to safety.

The leadership oversight is only one aspect of the transformation programme.

It consists of a thorough and deep enterprise-wide assessment of safety culture maturity levels at Ma'aden operations. This will lead to the establishment of a baseline against which our safety culture transformation can be assessed.

Other key elements of the programme are:

- Introduction of Ma'aden Life Saving Rules that will help in identifying the controls that must take place before starting work and managing any risks that may arise.
- Provide a risk identification and containment program to be sustained by Ma'aden employees and contractors.
- Safety competency framework and matrices that will define the safety competencies that are required for all roles in Ma'aden.
- Enhancement of our approach to incident and near-miss reporting as well as setting company-wide standards for incident investigation.
- Improvement of our company-wide

safety management system aiming to deliver an even more systematic approach to safety.

The Safety culture transformation program's goals are consistent with Ma'aden's values of care, teamwork, ownership and integrity. It will continue to build on our safety achievements and maturity level and is also consistent with the '5 Diamonds' initiative followed over recent years.

Our long-term plan to achieve the transition from a performance-based to a risk-based approach to safety includes a series of short, medium and longer term actions. The short-term activities include improvements to incident reporting and investigations, risk identification and containment, introduction of Ma'aden life saving rules and safety leadership development events.

The medium to long-term activities will focus on competencies, management systems, policies, procedures and standards and leadership development required to deliver and sustain the risk-based approach and the culture of zero harm. We are leveraging our mining and manufacturing partnerships with global industry leaders who also have excellent safety performance credentials to adapt best practices at Ma'aden.

Beyond compliance

The Safety culture transformation program covers all people working at our sites, whether a direct employee or a contractor staff. It will provide enhanced training and support to leaders so that they are more effective in conducting safety and risk-based discussions with staff. It is designed to elicit the views and concerns of the workforce with the aim of understanding and controlling risk more effectively.

Employee involvement and engagement are the most important aspects of the new safety culture that we are building. Safety is everybody's responsibility and the safety culture survey is the starting point in engaging all staff. Every Ma'aden employee has the right and obligation to stop work he or she may consider to be unsafe. As our safety culture becomes more mature and the approach to safety becomes more risk-based, the emphasis

Expected outcomes (2019-23)

Leaders

Clearly defined roles, responsibilities and action guidelines for every level of leadership.

Organisation

Continuous learning and training on safety with focus on building competence; a robust and effective governance and management system.

Workforce

Staff who ensure the safety and welfare of each other, do not start any work that holds the potential to be unsafe.

Risk

Personal and process safety are assessed in every activity, action and decision; staff are enabled through education and training to identify, assess and manage risks and ensure that no unsafe work is ever even attempted.

Procedures and policies

Clearly defined work and safety procedures, practices, standards and policies that are easily accessible for staff; workers feel enabled to make recommendations on procedures and practices.

Assets and operations

Safety is given the utmost importance at design stage for new operations and before purchasing new equipment, which is done in consultation with operations staff; regular inspections, predictive and preventive maintenance are conducted without fail; asset integrity management programmes in place at all locations.

Stakeholders

Proactive engagement with all stakeholders at every site to communicate Ma'aden's total compliance with all regulations and the strategy of going beyond compliance in building a new safety culture.

Assurance

The three lines of defense—subsidiary and site operations, corporate EHSS department and independent audit—operate effectively; barrier assurance in place at high-risk operations; audit and assurance are considered learning opportunities.

moves to never starting work that may potentially be unsafe.

The evaluation of current safety maturity levels are being carried out across all Ma'aden sites. It involves interviews and focus group sessions with all levels of employees and contract employees on safety, safety culture and safety leadership matters. We will report the aggregated results of the safety culture assessment to all employees. The detailed analysis of the survey results will help the formulation of new improvement strategies under "Safety culture transformation program".

Internal collaboration is a strong element in the programme. All subsidiaries are

consulted, and they actively contribute in defining and finalising the key elements of the STP and action plans. Our newly established working groups are meeting regularly to monitor the progress of various safety projects underway as part of the programme.

Operations to set ecological footprint targets

We launched a major initiative in 2017 to measure the ecological footprint of our operations covering energy and water consumption and emission of greenhouse gases.

In 2018, we completed the baseline for the subsidiaries and each site is in the process of finalising its footprint reduction targets to be achieved over 2017-21.

This initiative underlines our commitment to strengthen Ma'aden's environmental protection programmes. Environmental protection is embedded in all our operations and projects. Historically, our environmental practices are based on Saudi Arabia's regulatory requirements of national and local governments and Ma'aden corporate standards, which are strengthened periodically to align with international best practices.

Risk identification and incident management standards are integral to our environmental management system. As stipulated in Ma'aden standards, we identify and register environmental risks, which are reviewed regularly to eliminate or mitigate their impact. The incident management standard is implemented at all Ma'aden sites to identify hazards and take corrective actions to prevent their recurrence.

Hemaya

We manage environmental incidents through an automated management system called Hemaya (the Arabic word means 'care') that enables instant incident reporting and validation. All incidents are analysed at different levels and their causes are identified, investigated and corrected. We also compile exhaustive internal reports every year that provide information on incidents and corrective actions, enabling us to improve environmental performance.

We have instituted programmes that monitor regulated environmental pollutants using advanced protocols and equipment. We regularly monitor key environmental factors such as air and water quality, noise levels, pollution sources and waste generation at our mines and industrial plants. We also conduct internal and external audits at all sites.

Embedding compliance

Obtaining the environmental permits from the General Authority for Meteorology and Environmental Protection (GAMEP) for our operations is a routine regulatory requirement. When we conceive a project, we seek to embed such regulatory requirements taking into consideration the outcomes of our own environmental baseline studies and environmental impact assessment studies. Once a project becomes operational, we hold periodic environmental reviews to ensure strict compliance with all regulatory requirements. Periodical monitoring reports are submitted regularly to the regulatory bodies.

In September 2018, we received notice of one environmental violation following a GAMEP inspection at our Bulghah gold mine site. Corrective actions have been taken to prevent the re-occurrence of such violations.

Our corporate and subsidiary teams regularly engage with regulatory authorities such as the Royal Commission for Jubail and Yanbu and GAMEP, sponsoring and participating in events held to promote environmental awareness and commitment among local businesses. These include events organised by GAMEP and the Royal Commission, a Ma'aden-sponsored training programme for GAMEP staff and the celebration at our sites of events such as the World Environment Day, World Water Day and the Earth Hour.

Our sites and the headquarters continue to secure and renew different ISO certifications such as the ISO 14001-2015 for Environmental Management System, ISO 50001 for Energy Management System and the International Cyanide Management Code for gold operations. (Taif water pipeline: a key sustainability achievement, page 107)

Supplier development is at the core of our local content plan

Our local content strategy is aligned with the goals of Vision 2030 and leading international practices. Our action plan focuses on developing and enabling Ma'aden's domestic supply base to boost local content.

During 2018 we have made considerable progress with our local content agenda in line with Vision 2030. Ma'aden has transformed the strategic objectives into a tangible business plan that is reflected in the following key milestones:

- the adoption of a local content measurement and reporting methodology
- application of the methodology for 2017 expenditure to determine the baseline and prepare the first report based on the baseline
- the compilation of the local content report for 2018 using the 2017 baseline, which shows a year-on-year increase of SAR1.3 billion in the local content (see pie chart on page 59)
- the initiation of a supplier development programme and an associated action plan for 2019.

Local content defines total expenditure in Saudi Arabia on Saudi labour, goods, services and technical assets.

Our targets are based on four key measures:

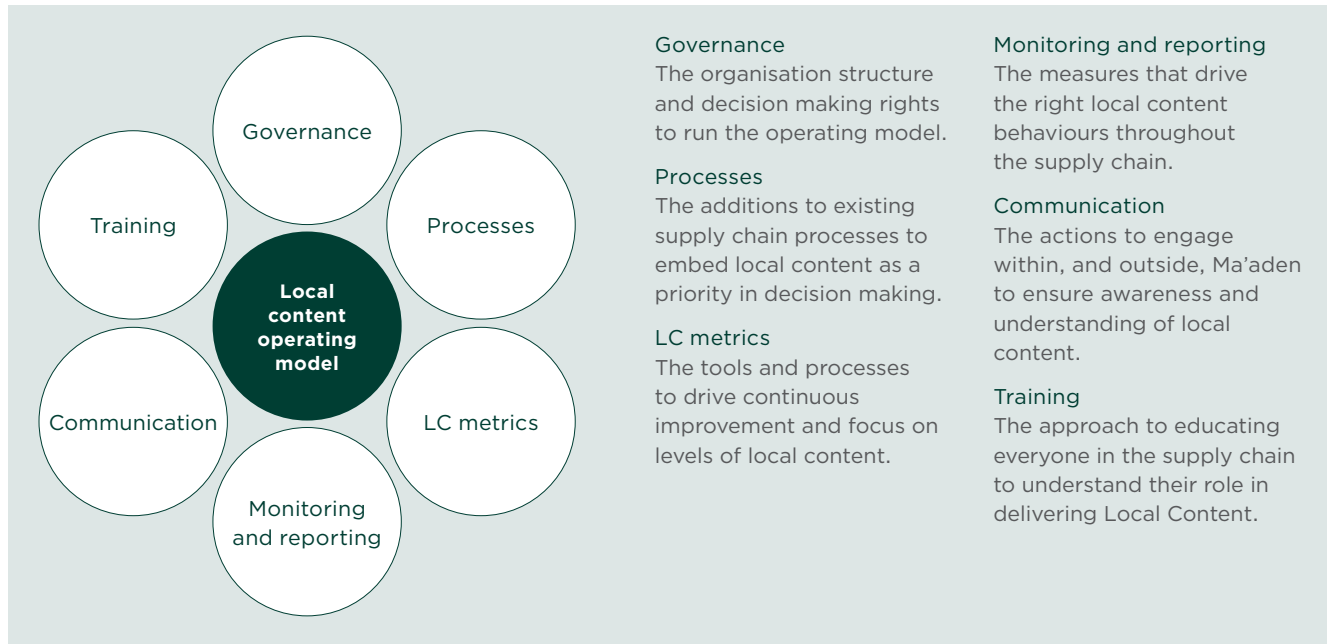
- percentage of local content in the company's supply chains
- number of jobs generated for Saudi citizens within the supply chain
- expenditure on local small and medium enterprises (SMEs)
- percentage of expenditure in the local communities in which the company operates.

These metrics form the key basis of our local content.

Local content journey 2009-2018

2009	2012	2016	2017	2018
Saudisation is introduced as a consideration in all operational contracts, with special focus on regional data	Capex projects such as Wa'ad Al-Shamal include regional procurement and local workforce targets	The national Local Content Development project delivered and the report endorsed by the MEIM Strategic sourcing and local content department established Local content strategy approved	Development of the local content operating model Local content baseline survey launched Local content baseline and operating model approved	Local content operating model launched

Local content operating model



Cost-based calculation (CBC)

Local content = $\frac{A+B+C+D}{E}$				
Procurement spend A = procurement spend in the execution of the contract with Ma'aden in the previous year that remains in KSA ¹	Staff costs B = staff costs of Saudi employees, and foreign staff in execution of the contract over the previous year, that remains in KSA	Training C = spend on training and development of Saudi employees in the execution of this contract over the previous year	Research, supplier development and local investment D = spend on research and supplier Development and Local Investment in Saudi Arabia in the execution of the contract over the previous year	Total Ma'aden spend E = total relevant cost
Note: 1. Spend remaining in KSA is calculated by multiplying reported spend by appropriate factors				

Six KPIs

The methodology for measuring local content is based on a value-based formula. It weighs a supplier's local content based on six KPIs: procurement spend, employment, training, research and development, supply chain development and local investment. This is a single measure based on the cash value of local content that we use to measure the contribution of every supplier. We also use the same formula to measure Ma'aden's own local content contribution.

We are already working closely with our supply base to implement the local content programme that has set targets to achieve the aspirations of Vision 2030. Our goal is to increase the levels of goods and services sourced within the Kingdom, and to improve the local content levels of our suppliers.

Ma'aden's position as the champion of Saudi mining makes us responsible for driving the local content ecosystem for the industry.

Our suppliers acknowledge and value Ma'aden's leadership role in the mining sector and our alignment with the goals of Vision 2030.

Our engagement is strongest when it comes to our largest and most strategic of suppliers. Typically, this group includes providers of core mining services and suppliers of key raw materials with whom we have long-term partnerships. We consider these our local content partners in developing plans to boost local content. We have developed a plan with 18 partners to increase the level of local content and we are holding similar discussions with more than 50 partners.

Local Content Council

Ma'aden is a founding member of the Local Content Council supervised by the Saudi Local Content and Government Procurement Commission. The council's role is to drive the private sector's growth and increase the level of local content in projects. The Commission seeks to coordinate between companies in adopting and applying consolidated standards and methodology for local content.

Ma'aden's position as the champion of Saudi mining makes us responsible for driving the local content ecosystem for the industry.

Our suppliers acknowledge and value Ma'aden's leadership role in the mining sector and our alignment with the goals of Vision 2030.

Procurement practices

Our procurement processes have been refined to include local content as a key criteria for suppliers, alongside total cost of ownership, quality, performance and health, safety, security and environment factors. When compiling bidder lists, the procurement team ensures that every opportunity is given to local suppliers to participate in tenders.

Supply chain local content percentage growth

Baseline

Total supply chain spend SAR6,747m



2018

Total supply chain spend SAR9,099m



Supply chain local content grew by 4 per cent from the baseline, above the target of 3%

Local content summary

Supply chain local content

Total supply chain spend SAR9,099m



Supply chain Saudisation

Total supply chain employees 46,695



Spend with local SME

Total onshore spend SAR6,983m



Ma'aden Saudisation

Total Ma'aden employees 5,772



Onshore spend

Total supply chain spend SAR9,099m



Combined Saudisation

Total employees 52,484



Overall local content contribution

Total relevant cost SAR13,534m



Key examples of success in local sourcing

Category	Item	Local content value (SAR million)
Raw material	Caustic soda (foreign source replaced by local supplier)	120
	Defoamer (foreign sources replaced by local supplier)	20.53
	Silica (imported silica replaced by kaolin produced by Ma'aden)	50.5
	Flocculent for PAP	0.103
Maintenance, repair and operations	Pumps	
	Valves	
	Shredders	
	Filters	42.5
	Mother belt replacement service	
	Minor miscellaneous MROs	
	Development of OEM spares through local fabricator	

Raising the bar on local content

We have increased the local content target for all of Ma'aden's projects from 12 to 20 per cent of the expenditure on goods and services. A quarter of this amount must be spent through local SMEs.

The Saudisation level has been increased from 10 to 20 per cent across all job categories including senior management, technical and engineering positions.

Steady progress in adopting new tools to enhance efficiency

Ma'aden's decision to leverage digitalization technology sits well with ICT's strategic initiatives.

Information and communications technology (ICT) continued to work across its three core objectives and seven strategic initiatives in 2018, delivering significant benefits across the enterprise.

In extending our customer-centric services, we completed over 450 internal customer engagements to proactively understand their ICT needs and expectations and raise their level of satisfaction. We also conducted over 900 awareness sessions on ICT solutions for end-users. We have created a new feedback system to measure customer satisfaction and dashboards to monitor ICT performance.

The industrial solutions that we are in the process of selecting and implementing, such as robotic process automation (RPA), data warehousing, mine information system and programmes under post-modern ERP will support Ma'aden's new digitalisation initiatives. ICT preparedness will help

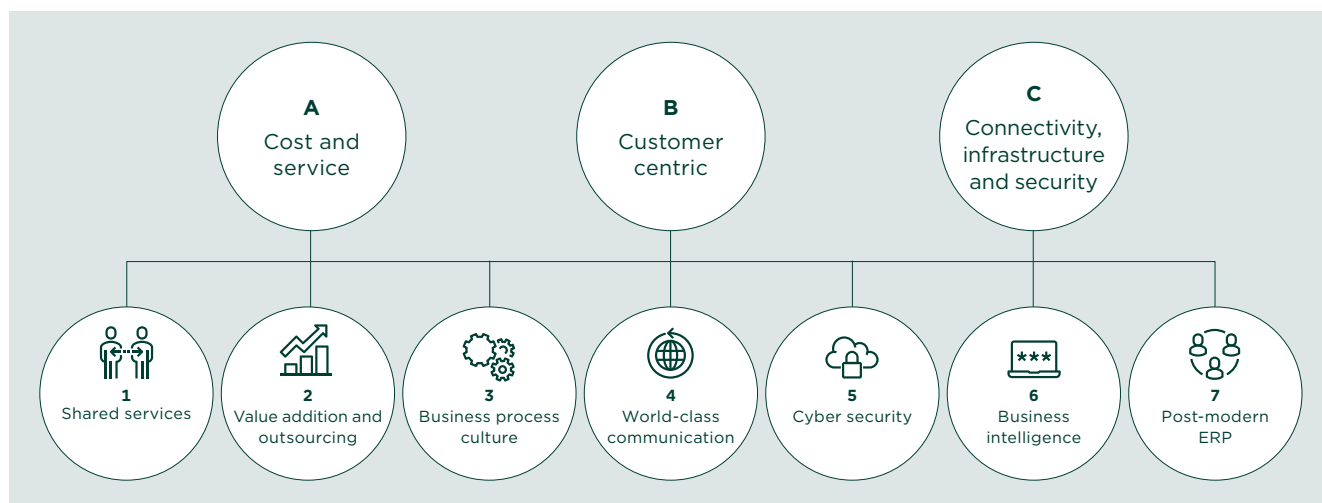
support and accelerate Ma'aden's digital transformation.

We made considerable progress in implementing our strategic initiatives.

Shared services: We completed restructuring ICT under shared services in 2016, resulting in streamlined customer-focused services. Since then, we have reduced our staff by 16 percent, while the population of end users has grown 28 percent. With the implementation of the Ma'aden infrastructure private cloud, server acquisition cycle time has been reduced from two months to an average of four hours, and it has lowered server annual maintenance costs by 10 percent, with zero downtime.

Value addition and outsourcing: We have partnered with IBM to achieve a major transformation across diverse business functions. Our five-year agreement will result in significant improvements in the way we conduct

ICT's 3 core objectives and 7 strategic initiatives



Sustainability | ICT

business and speed up the organisational transformation that Ma'aden wants to achieve. We have adopted 40 transition and transformation projects aimed at improving the quality of our services, increasing cybersecurity defence, introducing innovative programmes to support business growth and enhancing technical capabilities.

Business process culture: We have established the practice of documentation of processes using the cloud-based IBM Blueworks Live tool, as part of each process automation project. We continue to conduct training and awareness sessions across the Group to embed the new culture. Ma'aden received the 'best workplace digital transformation award 2018' from K2, our business process automation partner.

World-class communications: In 2018, we expanded and extended our strategic relationship with Saudi Telecom Company (STC) to provide business connectivity and to improve the quality of life in remote sites by providing residential internet services at our remote locations. Our business connectivity across the Group is 99.8 per cent. Implementation of residential internet services will continue through the first part of 2019. Enabled by this improved business connectivity, ICT has driven the adoption of cloud

computing, capitalising on advanced technologies such as Microsoft Office 365 and Azure to increase efficiency and agility.

Cybersecurity: We completed the assessment of operational technologies across Ma'aden plants to enhance cyber security. We are working with a specialised agency to ensure network security and monitor traffic, and have enhanced the associated automated process for addressing cybersecurity findings. We have also adopted a mobile device management solution that will assure that Ma'aden users of mobile devices are in full compliance with the company's security measures. In collaboration with the IBM Cyber Range Center, our team had the opportunity to experience simulated cyber attacks and ways of tackling cyber threats. Ma'aden faced zero cyber incidents in 2018.

We implemented a cybersecurity programme called Cybersmart, designed to strengthen awareness among Ma'aden staff. Five new security controls have been introduced, adding layers of security to protect Ma'aden assets.

Business intelligence: Building on the development and internal rollout of business-critical data marts in 2017, we introduced the self-service business intelligence (BI) concept in 2018.

A newer version of Oracle Business Intelligence was implemented in 2018 covering financial, procurement, maintenance and supply chain analytics. Ma'aden Wa'ad Al-Shamal Phosphate Company became the first beneficiary of the programme, which will be introduced in other Group companies in 2019.

During the year, we also introduced MS Power BI to develop new reports and dashboards for non-ERP related data covering production, sales, quality, performance and support services. We conducted 65 training sessions and published over 100 articles internally to help enhance the understanding of BI.

Post-modern ERP: Automation and the linking of administrative and operational business capabilities (such as finance, HR, purchasing, manufacturing and distribution) with appropriate levels of integration is the essence of post-modern ERP. We are working in collaboration with Gartner to implement the new ERP strategy. As a major step in this direction, we are working with our HR colleagues to implement Oracle's Human Capital Management cloud platform, scheduled to go live in the second quarter of 2019. ICT is also evaluating other cloud technologies that offer the most ideal solutions for Ma'aden operations and businesses.



ICT training and awareness workshops help staff to adopt newer technologies without any disruption of day-to-day functioning



Diverse programmes support community development

We strongly believe that our success depends on the success of the local communities that host our operations. It is this belief that shapes our social performance, which is invariably linked to community needs.

We support gifted students from across the Kingdom through Mawhiba (King Abdulaziz and His Companions Foundation for Giftedness and Creativity)

Our aspiration is to make social responsibility integral to our operations, making it an everyday function at all our sites. Ma'aden's industries have been making a significant positive impact on the hosting communities by continually improving the local content in our projects — by employing local people whenever possible and helping develop local suppliers.

However, our social performance programmes focus on going beyond these business interests to identify and address the pressing needs of our hosting communities by providing direct support or adopting new initiatives. Our efforts over the past years have focused on providing support in key sectors such as education and training, infrastructure development, capacity and community development.

Investment share

Our operations have always responded to community concerns, but social performance gained much more importance across the enterprise with the establishment of the Ma'aden Higher Community Initiative Committee (MHICIC) in 2015. The committee is headed by the CEO, and since its formation, we have committed more than SAR200 million in social spend for the 2015-22 period.

Over the past four years, SAR111 million of this amount has been spent across 116 initiatives, with 58 percent of the investment going into education and training. In 2018, we invested about SAR30 million in 55 diverse community development and support programmes (see pages 66 and 67).



Ma'aden community management system

	1	2	3	4	5
	Inform	Consult	Involve	Collaborate	Empower
Ma'aden's community goals	 Provide local communities with balanced and objective information to help them understand problems, choices, opportunities and/or solutions	Get responses from communities to analysis, choices and/or decisions	Work directly with communities to ensure that public concerns and aspirations are consistently understood and considered	Partner with communities in each aspect of decision making including the development of alternatives and the identification of the preferred solution	Enable communities to make the final decision
Ma'aden's promise to the community	 We will keep you informed	We will keep you informed, listen to and acknowledge concerns and provide feedback on how community input influenced decision making	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how community input influenced the decision	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	We will implement your decisions
Assurance aspects	 Engagement	Local hiring	Local buying	Social investment	

Since 2013 when we introduced the CMS we have been closely monitoring our social performance. The CMS is based on a 'plan-do-check-act' approach, which stresses the need to adopt appropriate standards in managing social performance. The five maturity levels indicate the progress made by each site in community care and engagement.

Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC) and the aluminium operations contributed 91 percent of the total social spending while Ma'aden Gold and Base Metals Company (MGBM), Industrial Minerals Company (IMC) and Ma'aden Phosphate Company (MPC) invested the remaining.

CMS target

Our operations sites' social performance is measured by the community management system (CMS) that defines different levels of achievements to which we aspire. Two of our 10 assured sites have achieved Level 3 of the system and the others are working towards that goal. We are working with an external consultant to help the sites achieve the target of level 3 of CMS by 2019.

In 2019, we are investing more resources to drive our social performance programme. Each site will have a dedicated CSR manager who will be educated and trained in engaging with the hosting community, understanding their urgent needs and conceiving support programs that create a sustainable positive impact.

Schools of excellence

In 2018, we spent over SAR16 million to sustain the two Schools of Excellence in Ar'ar and Turaif sponsored by MWSPC. The schools, managed by a third party, opened two years ago and their students have compiled an impressive profile of achievements at the local and national levels. Ar'ar and Turaif are two key cities in the Northern Borders Region where the MWSPC upstream facilities are located.

The schools stand out as excellent examples of Ma'aden's commitment to CSR and sustainable development as the overall objective of the initiative is to support the general education system in the Northern Borders Region of Saudi Arabia. Ma'aden is also supporting the national program for talent identification and development by sponsoring the assessment of 1000 students from Ar'ar and Turaif.

Sponsorships

Ma'aden invested SAR 509,250 in 2018 in sponsoring industry events and other programmes held in Saudi Arabia. The events include the First Industrial Environment Forum and Exhibition 2018 in Dhahran and the International Conference on Sustainability and Environment organised by the Royal Commission for Jubail and Yanbu in Jubail. We also participated in the World Environment Day 2018 conference organised by the Royal Commission in Jubail.

Course for GAMEP

Ma'aden also designed and facilitated a four-day training course for the General Authority of Meteorology and Environmental protection (GAMEP) staff, offering the services of an international consultant specialised in mine closure planning and implementation.

The course enabled GAMEP staff to gain a comprehensive understanding of the issues and considerations involved in mine closures, including planning, legislation and best practices, stakeholder engagement, geological and hydrological impact.

The Royal Commission honoured Ma'aden with a shield of honour in acknowledgement of the company's social responsibility commitment and its support of the Commission's FABLAB-Jubail programme that encourages innovation and creativity. Ma'aden contributed SAR470,000 to support the programme.

Investing in hosting community needs

Subsidiary	SAR
Ma'aden Gold and Base Metals Company (MGBM)	1,496,437
Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC)	26,971,397
Ma'aden Aluminium Company (MAC)	45,000
Industrial Minerals Company (IMC)	180,000
Ma'aden Corporate (Ma'aden)	958,336
Total	29,651,170



The students are all ears as they listen to an instructor as part of a fire safety training programme and community drill in Turaif in the Northern Borders Region

Sustainability | Social impact



Left: Students and teachers at one of the Schools of Excellence;

Middle row left: A first aid coaching event at Az-Zabirah that provided first aid teacher training for 15 people and theoretical and practical lessons for 85 students;

Middle row right: Our doctors and nurses conducted a week-long medical evaluation camp for the people of Thual village near the Bulghah and Sukhaybarat mines;

Bottom row left: A Ma'aden-sponsored event in Sukhaybarat to encourage more social interaction among community members;

Bottom row right: A tree plantation drive at the Ghazala mine in collaboration with the Ministry of Environment, Water and Agriculture and local authorities to build a 'tree fence' around the site to minimise dust pollution, improve the environment and the landscape.



Number of initiatives by category

Category	2015	2016	2017	2018	Total
Capacity development	2	1	1	4	8
Community development	2	2	2	3	9
Education and training	11	2	6	8	27
Employee matched giving & fundraising	0	1	0		1
Environment, energy & climate change	1	2	0	3	6
Health & welfare; water & sanitation	4	0	2	1	7
Infrastructure	4	0	0	3	7
Other social investment or charitable giving	4	2	7	10	23
Sports, arts, culture & heritage	2	1	2	2	7
Sponsorship				16	16
Governmental relations				5	5
Total	30	11	20	55	116

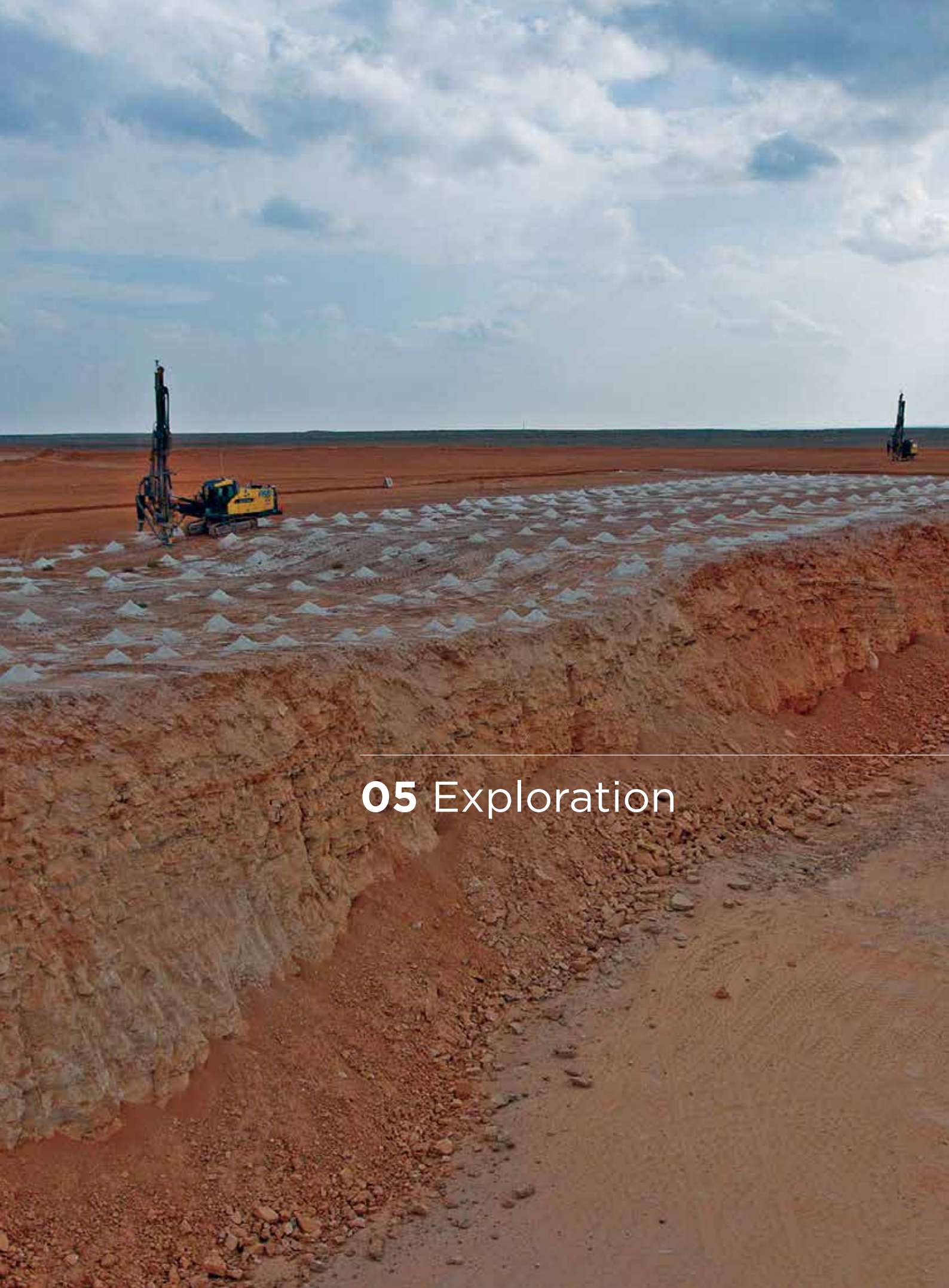
Spend by category (SAR)

Category	2015	2016	2017	2018	Total, 2015-18
Capacity development	10,000		80,000	839,000	929,000
Community development	355,200	2,915,500	10,216,000	202,500	13,689,200
Education and training	2,469,385	9,763,915	33,827,938	17,078,233	63,139,471
Employee matched giving & fundraising					-
Environment, energy & climate change	60,000	15,000		338,000	413,000
Health & welfare; water & sanitation	350,000	-	70,000	10,000	430,000
Infrastructure	5,162,559	15,308,941	281,500	144,000	20,897,000
Other social investment or charitable giving	76,000	370,030	285,000	328,500	1,059,530
Sports, arts, culture & heritage	50,000	-	290,000	60,687	400,687
Sponsorship				509,250	509,250
Governmental relation				10,141,000	10,141,000
Total	8,533,144	28,373,386	45,050,438	29,651,170	111,608,138

Direct employment in remote sites

Site	Workforce	Saudi	Saudisation %	Local Saudi	% of local Saudis from total Saudis	% of local Saudis from total workforce
Al-Amar	106	68	64.15%	38	55.88%	35.84%
As Suq	106	68	64.15%	38	55.88%	35.84%
Mahd ad Dahab	240	111	46.25%	60	54.05%	25%
Sukhaybarat	100	58	58%	53	91.37%	53%
Bulgah	126	65	51.58%	55	84.61%	43.65%
Ad-Duwayhi	152	132	86.84%	55	41.66%	36.18%
Al-Bai'tha	158	137	86.70%	119	86.86%	75.31%
Jalamid	265	179	67.54%	175	97.76%	66.03%
Az-Zabirah	26	21	80.76%	9	42.85%	34.61%
Ghazala	11	11	100%	9	81.81%	81.81%
Wa'ad Al-Shamal	790	482	61.01%	241	50%	30.50%
Total	2,080	1,332	64.03%	852	63.96%	40.96%





05 Exploration

Fast-tracking investments to achieve 2025 targets

Our exploration operations focus on helping meet Ma'aden's strategic goals of increasing gold production to one million ounces per year, expanding the industrial minerals portfolio and building a new safety culture.

The safe return of our staff and contractors at the end of a day's exploration work is our first priority. This commitment helped us to maintain high levels of safety and avert lost time injuries and incidents at our exploration sites in 2018. We deployed more safety staff in our field teams during the year. In 2019, we plan to strengthen safety staffing levels further, implement more intensive training and risk awareness programmes.

Exploration licences

As we celebrate our exploration achievements of the post-IPO decade (see diagram below), we are working hard to optimise value from our licences that are set to expire during 2021-23. We are accelerating the rate of exploration by increasing our investment and expanding the number of targets to be tested over 2019-20.

We continue to submit new exploration license (EL) applications to Saudi Arabia's Deputy Ministry of Mineral Resources (DMMR) based on geological analysis of regions. We are actively following up on the applications completed in

recent years. The new licences will replace the expiring ones.

The ELs granted by the DMMR cover prospects for gold, base metals and industrial minerals.

We are accelerating the rate of exploration by increasing our investment and expanding the number of targets to be tested over 2019-20.

Ma'aden holds licences to conduct exploration over 44,500km². These licences are predominantly for gold and base metals prospects and comprise fully granted licences under renewal applications. In line with our growth plans, Ma'aden has applied for additional exploration licences covering an area of approximately 35,000 square kilometres of highly prospective gold and base metals terrains.

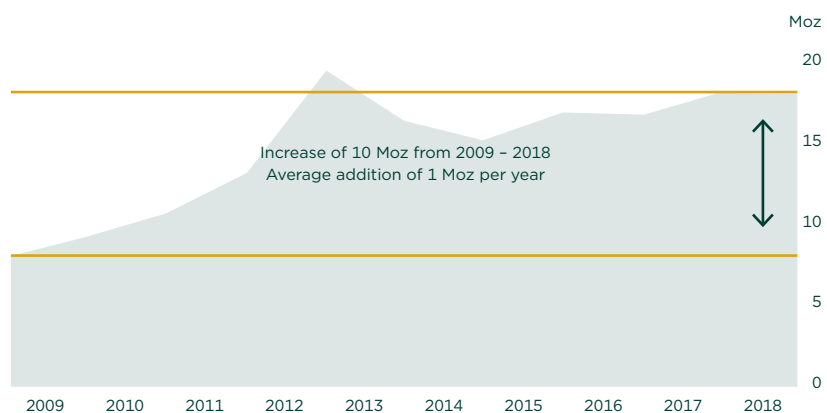
We are committed to the delivery of additional resources that will enable Ma'aden to meet its goal of producing



Metres drilled for phosphate in 2018

13,191

Addition of gold resources, 2009-18



one million gold ounces per year and diversifying its industrial minerals portfolio. Both are key targets under the Ma'aden 2025 strategy.

Gold

In 2018, we doubled the metres drilled in 2017 to over 117,000 metres, focusing on gold and base metals. We invested 85 percent of our exploration budget, amounting to SAR65 million, in evaluating our licences for gold mineralisation. This helped us to identify promising new greenfield targets, and the brownfields teams have upgraded existing prospects.

We used target generation techniques such as regional geochemistry, rotary air blast (RAB) drilling and follow up reverse circulation (RC) drilling.

Our work in 2018 laid the foundation for the accelerated programme planned for 2019-20, which will cover over 500km of drilling and testing over 100 targets. It also resulted in the elimination of uneconomical targets, meeting the DMMR regulatory requirement of reducing the number of exploration licences by 20 per cent on renewal.

We continued to explore the As Siham prospect in the Central Arabian Gold Region (CAGR), where we began work in 2017. In 2018, we began exploring Mushiniyah, a new prospect in the Northern Shield region (NSR).

Greenfields exploration in 2018 focused on early stage gold and base metal targets located predominantly within the northern exploration licences. Exploration models pursued include volcanogenic massive sulphide (VMS) deposits along the Nuqrah belt in Saudi Arabia's northwest, intrusion-related gold systems in the Sukhaybarat, Bulghah and Humaymah areas and shear zone gold located along the western margin of the Miskah EL.

We tested 20 targets with 15,000 metres drilled in 5,000 holes using shallow RAB drilling. Five RC drilling programmes were completed totalling over 8,000 metres drilled in 100 holes, focusing on targets previously delineated by soil geochemical surveys and shallow drilling methods.

In 2018 brownfield exploration evaluated the As Suq-As Siham belt, the Ar



Above: Collecting ore samples from Bulghah mine

Rjum-Ash Shaktaliyah belt, the Jabal Geza belt, all located in the CAGR, and the Shabah belt in the NSR. We have also carried out resource drilling on the Humaymah project located in the NSR. Brownfields RC drilling completed 20,725 metres and 30,300 metres of Diamond Core Drilling.

Base metals

Base metals exploration in 2018 was focused on copper deposits and the potential for zinc on the Al Hajar EL in Asir province in southwestern Saudi Arabia. Previous Ma'aden activity in the region involved gold mining operations at Al Hajar, with subsidiary operations at Jadmah and Sherrs mines. These are considered good prospects for VMS deposits.

Industrial minerals

Our greenfield exploration continues to weigh opportunities to diversify industrial minerals portfolio.

Bauxite

At the Az Zabirah Central prospect (adjacent to the Az Zabirah mine), we commissioned a conceptual study with the goal of optimising the metallurgical bauxite available for Ma'aden's aluminium refinery.

Phosphate

In supporting phosphate operations, we prioritised targets adjacent to Umm Wu'al mining licences in order



Meters drilled for gold and base metal in 2018

117,000

to upgrade the mineral inventory to 'inferred resource' category. Additional drilling defined an area of higher grade and thicker mineralisation, which has subsequently been drilled out at 500 x 500 metres spacing to define an inferred resource report is under preparation.

Advanced technology

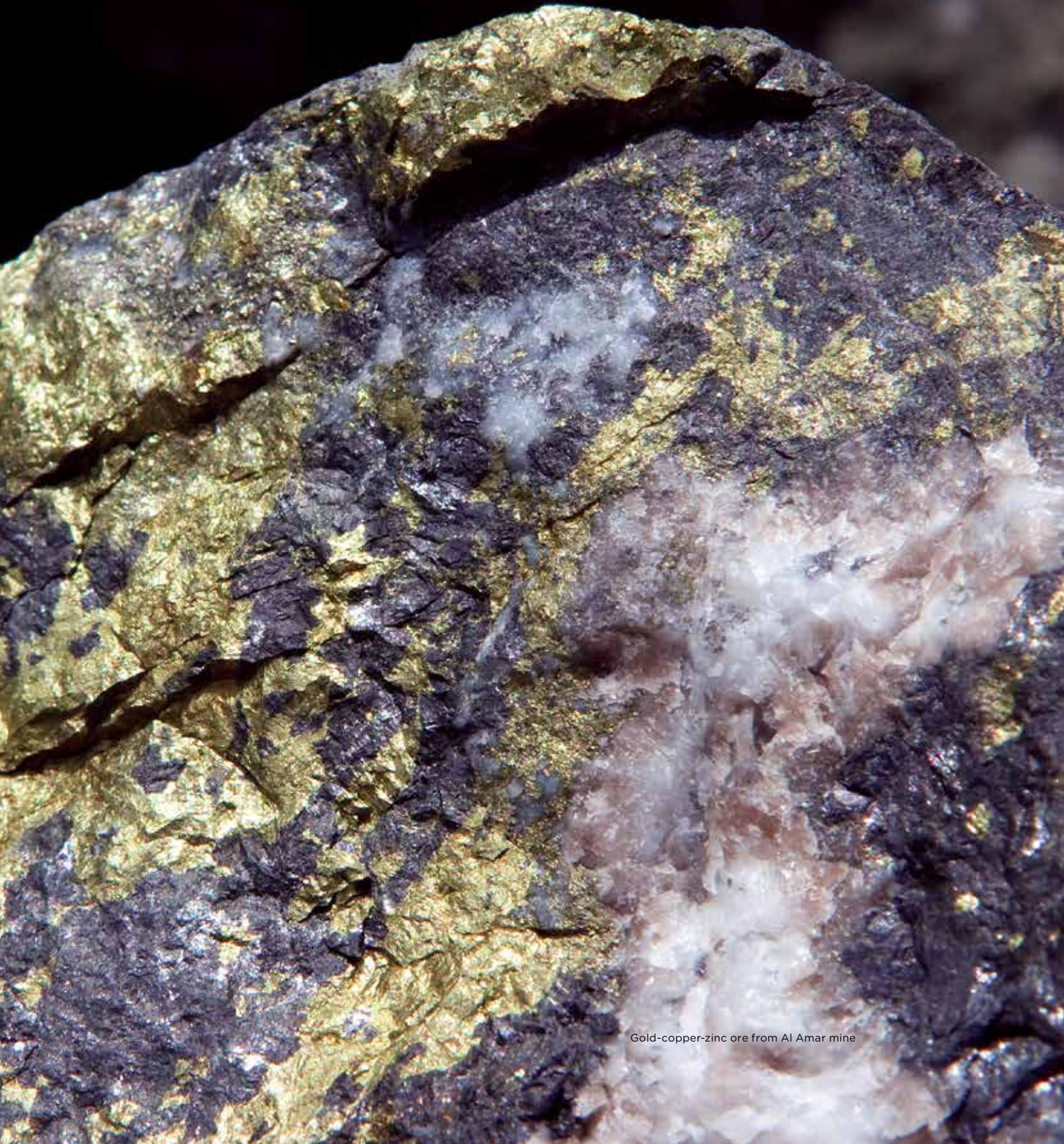
With the aid of advanced technology such as wire line logging with gamma, caliper and optical televiewer tools, the exploration teams were able to improve efficiencies in identifying mineralised zones without waiting for laboratory-based assay results.

We are in the final stages of deploying prospectivity mapping techniques. This will extract the maximum value from existing exploration data through analysis and detailed modelling. We are also studying whether airborne gravity gradiometry methods will add value to our exploration programme.



Phosphate ore from Al Jalamid mine

06 Mineral Resources and Ore Reserves



Gold-copper-zinc ore from Al Amar mine

Ma'aden's growing resource and reserve base

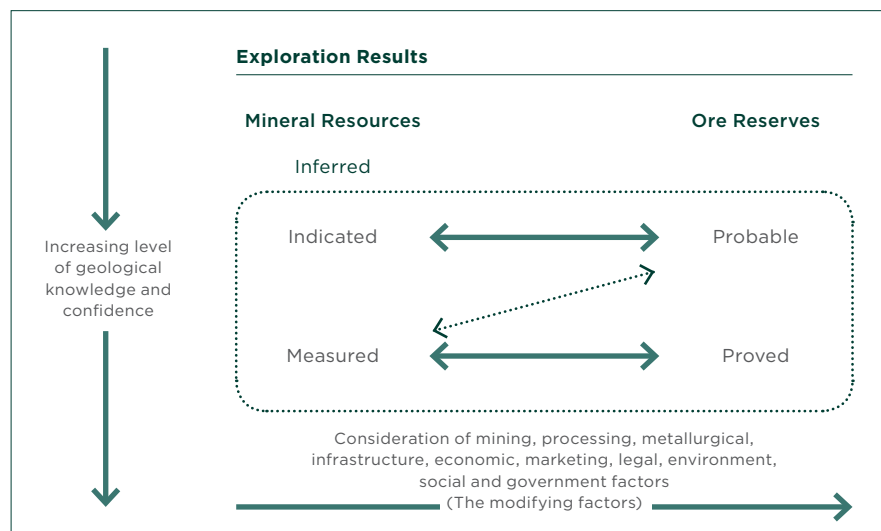
In 2018, Ma'aden continued to make significant investments in mineral exploration and advanced project development studies in Saudi Arabia.

Our strategy of sustained high levels of mineral exploration in Saudi Arabia over several years has delivered significant value for our shareholders through the discovery of large mineral resources in phosphate, metallurgical bauxite, gold, copper, magnesite, kaolin and industrial grade bauxite needed to develop into new mines or extend the life or expand the scale of production of our existing mines. These discoveries were evaluated to assess the technical and economic feasibility of developing mining and processing operations to convert mineral resources into ore reserves.

International public reporting standards

Government regulation and stock exchanges in most countries require mandatory compliance by companies

with recognised standards for the public reporting of mineral resources and ore reserves to protect the interests of shareholders. International public reporting standards for mineral resources and ore reserves are now closely aligned in most jurisdictions. The Committee for Mineral Reserves International Reporting Standards (CRIRSCO) promotes the uniformity of international reporting standards. CRIRSCO's latest version of the International Reporting Template for Exploration Results, Mineral Resources and Ore Reserves in 2012 is closely modelled on leading international reporting standards, including the JORC Code (Australasia), CIM Definition Standards (Canada), SAMREC Code (South Africa), SME Guide (USA), PERC Reporting Standard (Europe) and the Certification Code (Chile).



General relationship between exploration results, Mineral Resources and Ore Reserves

Source: JORC Code 2012 edition

The JORC Code

The ore reserves and mineral resources presented in this annual report are estimated and stated in accordance with the JORC Code (2012 edition). The JORC Code is an internationally recognised code of reporting practice prescribing the minimum standards for public reporting of mineral resources and ore reserves. JORC is the acronym of the Australasian Joint Ore Reserves Committee. The JORC Code is the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition).

The only exception to Ma'aden's reporting according to the JORC Code is Jabal Sayid mineral resource and ore reserve. The Jabal Sayid estimates were done by qualified persons in accordance with the CIM Definition Standards on Mineral Resources and Reserves, the Canadian reporting standard. This was for reasons of consistency with public reporting by our joint venture partner, which is responsible for the estimation of the Jabal Sayid resources and reserves and reports in the Canadian jurisdiction. The CIM definition standards are closely aligned with the JORC Code.

Competent Persons

An essential requirement of the JORC Code is that all mineral resource and ore reserve estimates are done by or under the supervision of competent persons who must be members of a recognised professional organisation and who have sufficient experience relevant to the style of mineralisation, type of mineral deposit and competence in the specific activity which the person is undertaking. The mineral resource and ore reserve reports are published only with the prior written consent of the competent persons.

The JORC Code requires disclosure of any potential conflict of interest by a competent person to ensure transparency of reporting. This is disclosed in the competent persons tables in this annual report.

In 2018, all of Ma'aden's mineral resources and ore reserves were estimated by independent competent persons, none of whom was a Ma'aden

employee. Ma'aden also conducted internal peer review of the mineral resource and ore reserve estimates prepared by the competent persons.

Uncertainty of estimates

There is a degree of uncertainty inherent in the estimation and classification of mineral resources and ore reserves when compared with the actual mined tonnes and grades from production. The tonnes and grades of mineral resources and ore reserves must be considered as estimates only until those resources and reserves are mined and processed. Mineral resources and ore reserves are not fixed over the medium to long term and vary according to changing metal prices, capital costs, operating costs and other modifying factors, which include mining processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Extrapolation of operational performance from small-scale laboratory tests or pilot plants to full-scale production may not prove to be exact in practice and this may affect the ore reserves. Changes in assumptions for overburden removal, process plant recoveries and other operational factors may influence the tonnage and grade of an ore reserve and adversely affect the economic viability of a project. Volumes, grades and recoveries of ore reserves actually mined and processed may not be the same as currently anticipated.

The results of further drilling, metallurgical testing, mine production and mine planning may require previous estimates to be revised. Any material reductions in Ore reserves could have adverse effects on the company's businesses, prospects, financial condition and operating results.

Ore reserves are estimated based on long-term commodity price forecasts, capital expenditure and operating costs and economic cut-off grades from our operating mines and from prefeasibility and feasibility studies. If these assumptions change materially during the year, the resources and reserves are updated accordingly.

Mining licences confer the right to mine while exploration licenses confer the right to explore and evaluate, but

not to develop and conduct mining operations. Mineral resource and ore reserve estimates on exploration and mining licences, which are awaiting grant or renewal, are reported where Ma'aden has a reasonable expectation that these expired licences will be renewed or new licences granted. However, the decision to grant or renew is at the discretion of the relevant government authority.

Reporting assumptions

Ore reserves and mineral resources are reported at 31 December 2018 for operating mines. Mineral resources and ore reserves for projects at the exploration prospect or feasibility study project stage may be reported at earlier effective dates.

Ma'aden's mineral resources are stated inclusive of ore reserves with the exception of the Jabal Sayid mine, where the mineral resource is reported exclusive of ore reserve in order to be consistent with the public reporting of our joint venture partner.

Ma'aden's mineral resources and ore reserves are reported on a 100 percent basis without adjustment for Ma'aden's ownership interest. Ma'aden's ownership interest in all projects is stated in the tables for each mineral resource and ore reserve.

Ore reserves are reported at the point where the ore is delivered to the processing plant, following common international practice. The reported tonnage and grade represent the estimated metal or product content as mined and are reported before metallurgical recovery in the processing plant. However, the ore reserve table shows the mining and processing methods for each ore reserve, the forecast metallurgical recovery and the forecast recoverable metal or product.

The reasonable prospects for eventual economic extraction of mineral resources and the economic mineability of ore reserves are based on Ma'aden's assessment of future commodity prices, operating costs, capital costs and other Modifying Factors including mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors over the forecast life of a project.

Mineral resources and ore reserves

Ma'aden's gold, copper and zinc concentrates are sold on the international market at prevailing prices. The gold price used to estimate our ore reserves in 2018 was USD1100/troy ounce while mineral resources were estimated at USD1300/troy ounce. The gold price (NY) on 31 December 2018 was USD1278 per troy ounce. The copper price used for the estimation of the ore reserves at Jabal Sayid mine was USD2.75 per pound of copper. The international copper price (COMEX) at 31 December 2018 was USD2.63 per pound.

Ma'aden's mining operations in phosphate, metallurgical bauxite and magnesite are all part of vertically integrated production enterprises with the mines supplying downstream mineral processing facilities. These mines are indirectly exposed to external market prices as all mine production is processed downstream into new products which are sold locally and internationally. For such mining operations, the mineral resources and ore reserves are estimated on the specifications of a product required to meet the chemical specifications required by downstream plants.

Report format

The resource and reserves in this annual report are stated according to mineral commodity, mines, advanced projects and exploration prospects as follows:

- Ore reserves tabulation showing the 31 December 2018, 31 December 2017 and 31 December 2016 ore reserves by mineral commodity, mine and advanced project
- Mineral resources tabulation showing the 31 December 2018, 31 December 2017 and 31 December 2016 mineral resources reported by mineral commodity, mine, advanced projects undergoing prefeasibility and feasibility studies and exploration prospects
- Annual change graphs for ore reserves and mineral resources of Ma'aden's three main commodities – phosphate, metallurgical bauxite and gold – quantifying and classifying the reasons for changes from 31 December 2017 to 31 December 2018



Above: Mining activity at Ad-Duwayhi mine

- Competent persons for the 2018 ore reserves and mineral resources tabulated by name, employer, membership grade of a recognised professional organization and membership number
- Glossary of technical terms used for resources and reserves in this annual report.

JORC Code definitions

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (JORC Code), is an internationally recognised professional code of practice that sets minimum standards for the public reporting of exploration results, mineral resources and ore reserves. Below are the definitions of JORC Code terms.

The JORC Code provides a system for the classification and reporting of mineral resources and ore reserves according to the levels of confidence in geological knowledge and technical and economic considerations (as shown in the JORC Code 2012 visual, on page 81). The key principles governing the application of the JORC Code are transparency, materiality and competence.

Transparency requires that the reader of a report is provided with sufficient information, in a clear and unambiguous form, to understand the report. Materiality requires that it contains all the relevant information that investors would reasonably require in the reporting of mineral resources or ore reserves. Competence requires that the public reporting of mineral resources and ore reserves is prepared and certified by suitably qualified and experienced persons, called “competent persons”.

Mineral resources and ore reserves reported according to the JORC Code must accurately reflect the information and supporting documentation prepared by a competent person who is subject to an enforceable professional code of ethics by a recognised professional organisation. A company issuing a public report prepared by a competent person is also required to identify the person, reveal if the person is a full-time employee, and if not, disclose the name of the person’s employer.

Mineral Resource is a concentration or occurrence of material of economic interest in or on the Earth’s crust in such form, grade/quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific

geological evidence and knowledge, including sampling. Mineral resources are sub-divided in order of increasing geological confidence into Inferred, Indicated and Measured categories.

Inferred Mineral Resource is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An inferred resource has a lower level of confidence than that applying to an Indicated mineral resource and must not be converted to an ore reserve. It is reasonably expected that the majority of Inferred mineral resources could be upgraded to Indicated mineral resources with continued exploration.

Indicated Mineral Resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade/quality continuity between points where data and samples are gathered. An Indicated mineral resource has a lower level of confidence than that applying to a measured mineral resource and may only be converted to a Probable ore reserve.



Measured Mineral Resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade/quality continuity between points where data and samples are gathered. A measured mineral resource has a higher level of confidence than that applying to either an indicated mineral resource or an

inferred mineral resource. It may be converted to a proved ore reserve or under certain circumstances to a probable ore reserve.

Modifying Factors are considerations used to convert mineral resources to ore reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Ore Reserve is the economically mineable part of a measured and/or Indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level, as appropriate, that include application of modifying factors. Such studies demonstrate that,

at the time of reporting, extraction could reasonably be justified. The key underlying assumptions and outcomes of the pre-feasibility study or feasibility study must be disclosed at the time of the reporting of a new or materially changed ore reserve. Ore reserves are sub-divided in order of increasing confidence into probable and proved.

Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applying to a probable ore reserve are lower than that applying to a proved ore reserve. A probable ore reserve has a lower level of confidence than a proved ore reserve but is of sufficient

Above: Grade control drilling at Al-Ba'itha mine



Sukhaybarat open pit mine

quality to serve as the basis for a decision on the development of the deposit.

Proved Ore Reserve is the economically mineable part of a measured mineral resource. A proved ore reserve implies a high degree of confidence in the modifying factors. A proved ore reserve represents the highest confidence category of reserve estimate. The style of mineralisation or other factors could mean that proved ore reserves are not achievable in some deposits.

Competent Person is a minerals industry professional who is a member or fellow of the Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a recognized professional organization, as included in a list

available on the JORC and Australian Stock Exchange websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A competent person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking.

Ore Reserve estimates at 31 December 2018

Phosphate						2018 Ore Reserves						
						Cut-off	Proved			Probable		
Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	%P ₂ O ₅	Mt	%P ₂ O ₅	%MgO	Mt	%P ₂ O ₅	%MgO
Al-Jalamid ML	Mine	70%	OP	SC+MF	UPZ	>12	230.0	20.1	3.2	-	-	-
				SC+MF	LPZ	>12	-	-	-	30.0	17.6	6.7
				SC+MF	Stockpile	>12	-	-	-	5.0	19.1	-
				Total	>12	230.0	20.1	3.2	35.0	17.8	-	
						Mt	%P₂O₅	%SiO₂	Mt	%P₂O₅	%SiO₂	
Al-Khabra ML	Mine	60%	OP	SC+MF	PH1	>17	5.0	13.6	12.1	51.0	13.5	11.1
				SC+MF	PH2	>17	141.0	16.4	6.9	60.0	18.4	6.2
				SC+MF	PH3	>17	101.0	16.1	20.6	50.0	17.7	20.6
				SC+MF	Stockpile	>17	1.0	17.4	4.7	0.3	16.8	9.1
Total	>17	248.0	16.2	12.6	161.3	16.6	12.2					
Umm Wu'al Block 6 MLA	PFS	60%	OP	MF	Total	>15	-	-	-	284.5	16.0	2.3
Umm Wu'al Blocks 4-5 MLA	PFS	100%	OP	CF	Total	>15	189.3	15.8	2.6	144.5	15.4	3.0
Umm Wu'al Blocks 10-11 MLA	PFS	100%	OP	SC	Total	>15	33.6	17.8	9.9	48.5	16.2	10.5
						700.9	17.5	-	673.9	16.1	-	

Industrial bauxite

Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	%Al ₂ O ₃	Mt	%Al ₂ O ₃	%SiO ₂	Mt	%Al ₂ O ₃	%SiO ₂
Az-Zabirah ML	Mine	100%	OP	DS	Total	-	3.8	53.2	14.9	3.5	53.9	14.6
Total						-	3.8	53.2	14.9	3.5	53.9	14.6

Kaolin

Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	%Al ₂ O ₃	Mt	%Al ₂ O ₃	%SiO ₂	Mt	%Al ₂ O ₃	%SiO ₂
Az-Zabirah ML	Mine	100%	OP	DS	Total	-	0.9	32.7	40.3	1.6	35.1	40.5
Total						-	0.9	32.7	40.3	1.6	35.1	40.5

Magnesite

Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	%MgO	Mt	%MgO	%SiO ₂	Mt	%MgO	%SiO ₂
Al-Ghazalah ML	Mine	100%	OP	DS	Total	-	0.5	46.2	0.6	2.5	43.0	2.5
Total						-	0.5	46.2	0.6	2.5	43.0	2.5

Metallurgical bauxite

Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	%TAA	Mt	%TAA	%MgO	Mt	%TAA	%MgO
Al-Ba'itha ML	Mine	74.9%	OP	DS	Total	>40	69.0	49.9	7.7	123.2	47.2	10.1
Metallurgical bauxite Total						>40	69.0	49.9	7.7	123.2	47.2	10.1

Rounding of numbers may result in minor apparent summing errors.

Al₂O₃ aluminium oxide
CF column flotation
DS direct shipping ore
EL exploration licence

PFS prefeasibility study
Mag magnesite
MF mechanical flotation
MgO magnesium oxide

ML mining licence
MLA mining licence application
Mt million tonnes
OP open pit mine

P₂O₅ phosphorus pentoxide
SiO₂ silicon dioxide
SC screening
TAA total available alumina

2018 Ore Reserves								2018 to 2017	2017 Ore Reserves					2016 Ore Reserves			
Total Reserves				Recoverable		Life of mine		Changes	Total Reserves					Total Reserves			
Mt	%P ₂ O ₅	%MgO	Mt P ₂ O ₅	% Plant recovery	Mt P ₂ O ₅	Years	Mt P ₂ O ₅	Mt	%P ₂ O ₅	%MgO	Mt P ₂ O ₅	Mt	%P ₂ O ₅	%MgO	Mt P ₂ O ₅		
230.0	20.1	3.2	46.2	71	32.8		-0.6	240.0	19.5	3.1	46.8	236.8	20.3	3.0	47.9		
30.0	17.6	6.7	5.3	71	3.7		0.1	30.0	17.4	6.6	5.2	30.0	15.8	6.7	4.7		
5.0	19.1	-	1.0	71	0.7		0	5.0	18.5	-	0.9	4.0	19.5	-	0.8		
265.0	19.8	-	52.5	71	37	25	-0.5	275.0	19.3	-	52.9	270.0	19.8	-	53.5		
Mt	%P ₂ O ₅	%SiO ₂	Mt P ₂ O ₅	% Plant recovery	Mt %P ₂ O ₅	Years	Mt %P ₂ O ₅	Mt	%P ₂ O ₅	%SiO ₂	Mt %P ₂ O ₅	Mt	%P ₂ O ₅	%SiO ₂	Mt %P ₂ O ₅		
56.0	13.5	11.2	7.6	68	5.1		0	56.0	13.5	11.2	7.6	19.0	13.5	11.5	2.6		
201.0	17.0	6.7	34.2	68	23.2		-0.8	206.0	17.0	6.7	35.0	186.0	16.5	6.1	30.7		
151.0	16.6	20.6	25.1	68	17.1		-0.2	152.0	16.6	20.4	25.2	135.0	16.2	20.8	21.8		
1.3	17.2	5.8	0.2	68	0.2		0	1.3	17.2	5.7	0.2	0.5	17.3	4.7	0.1		
409.3	16.4	12.4	67.1	68	45.6	27	-1.0	415.3	16.4	12.3	68.1	340.5	16.2	12.2	55.2		
284.5	16.0	2.3	45.4	70	31.8	20	0	284.5	16.0	2.3	45.4	284.0	16.0	2.3	45.4		
333.8	15.6	2.8	52.1	62	32.3	30	0	333.8	15.6	2.8	52.1	349.9	15.5	2.9	54.2		
82.1	16.9	10.3	13.8	55	7.6	26	0	82.1	16.9	10.3	13.9	82.1	16.9	10.3	13.9		
1374.8	16.8	-	230.9	-	155	-	-1.5	1389.4	16.7	-	232.4	1326.5	16.8	-	222.2		
Mt	%Al ₂ O ₃	%SiO ₂	Mt Bauxite	% Plant recovery	Mt Bauxite	Years	Mt Bauxite	Mt	%Al ₂ O ₃	%SiO ₂	Mt Bauxite	Mt	%Al ₂ O ₃	%SiO ₂	Mt Bauxite		
7.3	53.6	14.8	7.3	100	7.3	19	-13.0	20.3	53.6	15.6	20.3	20.4	53.6	-	20.4		
7.3	53.6	14.8	7.3	100	7.3	19	-13.0	20.3	53.6	15.6	20.3	20.4	53.6	-	20.4		
Mt	%Al ₂ O ₃	%SiO ₂	Mt Kaolin	% Plant recovery	Mt Kaolin	Years	Mt Kaolin	Mt	%Al ₂ O ₃	%SiO ₂	Mt Kaolin	Mt	%Al ₂ O ₃	%SiO ₂	Mt Kaolin		
2.5	34.2	40.4	2.5	100	2.5	19	-0.8	3.3	41.6	34.2	3.3	3.4	41.6	-	3.4		
2.5	34.2	40.4	2.5	100	2.5	19	-0.8	3.3	41.6	34.2	3.3	3.4	41.6	-	3.4		
Mt	%MgO	%SiO ₂	Mt Mag.	% Plant recovery	Mt Mag.	Years	Mt Mag.	Mt	%MgO	%SiO ₂	Mt Mag.	Mt	%MgO	%SiO ₂	Mt Mag.		
3.1	43.5	2.2	3.1	100	3.1	39	-0.1	3.2	43.9	2.1	3.2	2.2	45.7	-	2.2		
3.1	43.5	2.2	3.1	100	3.1	39	-0.1	3.2	43.9	2.1	3.2	2.2	45.7	-	2.2		
Mt	%TAA	%SiO ₂	Mt Bauxite	% Plant recovery	Mt P ₂ O ₅	Years	Mt Bauxite	Mt Bauxite	%TAA	%SiO ₂	Mt Bauxite	Mt	%TAA	%SiO ₂	Mt Bauxite		
192.2	48.2	9.2	192.2	100	192.2	40	-5.2	197.4	48.2	9.2	197.4	209.5	49.4	8.7	209.5		
192.2	48.2	9.2	192.2	100	192.2	40	-5.2	197.4	48.2	9.2	197.4	209.5	49.4	8.7	209.5		

Ore Reserve estimates at 31 December 2018 (continued)

Gold						2018 Ore Reserves						
						Cut-off	Proved			Probable		
Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	Au g/t	Mt	g/t Au	% Zn	Mt	g/t Au	% Zn
Ad Duwayhi ML	Mine	100%	OP	GR+CIL	All	>0.63	8.96	3.57	-	3.20	2.18	-
					Stockpile	>0.63	-	-	-	7.02	0.96	-
				Total	8.96	3.57	-	10.22	1.34	-		
Al Amar ML	Mine	100%	UG	MF+CIL	North	>2.40	0.22	7.19	4.40	0.04	3.49	4.77
					South	>2.40	-	-	-	0.85	2.63	3.87
				MF+CIL	Minor	>2.40	0.05	3.24	1.90	0.25	2.79	3.91
				MF+CIL	Stockwork	>2.40	0.73	3.20	4.12	0.62	2.99	3.89
				Total	1.00	4.08	4.06	1.77	2.80	3.90		
Bulghah ML	Mine	100%	OP	HL	Sulphide	>0.35	-	-	-	48.00	0.73	-
					CIL	Sulphide	>0.52	-	-	-	8.82	1.61
				HL	Stockpile	>0.35	-	-	-	5.14	0.39	-
				Total	-	-	-	61.96	0.83	-		
Sukhaybarat ML	Mine	100%	OP	HL	Sulphide	>0.43	-	-	-	14.00	0.76	-
					CIL	Sulphide	>0.47	-	-	-	6.41	1.79
				Total	-	-	-	20.41	1.08	-		
Mahd Ad Dhahab ML	Mine	100%	UG	CIP	Oxide	>4.70	0.16	6.51	0.56	0.07	4.98	0.05
					North	>4.70	0.20	4.30	0.50	0.13	4.90	0.50
				MF+CIP	Mid	>4.70	0.13	5.50	0.80	0.13	4.60	0.70
				MF+CIP	South	>4.70	0.12	4.60	1.60	0.06	3.80	1.30
				MF+CIP	Stockpile	>4.70	-	-	-	0.01	7.20	1.50
				Total	0.62	5.19	0.80	0.39	4.71	0.62		
As Suq ML	Mine	100%	OP	HL	Oxide	>0.39	-	-	-	0.58	0.96	-
					Transitional	>0.50	0.13	1.63	-	1.46	1.12	-
				HL	Sulphide	>0.45	1.86	1.68	-	1.67	2.10	-
				Total	1.99	1.68	-	3.71	1.54	-		
Mansourah ML	FS	100%	OP	CIL	Oxide	>0.52	2.10	2.10	-	0.60	0.94	-
					POX+CIL	Sulphide	>0.63	10.30	2.57	-	14.70	2.63
				Total	12.40	2.49	-	15.30	2.57	-		
Massarah ML	FS	100%	OP	CIL	Oxide	>0.53	1.80	1.82	-	3.10	1.50	-
					POX+CIL	Sulphide	>0.64	1.30	2.45	-	11.00	2.11
				Total	3.10	2.08	-	14.20	1.97	-		
Total	28.07	2.76	-	127.96	1.12	-						

Copper

Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	% Cu	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au
Jabal Sayid ML	Mine	50%	UG	MF	Lode 2	>1.40	2.35	2.49	0.35	1.83	2.04	0.36
					Lode 4	>1.40	19.76	2.42	0.22	3.11	2.26	0.23
				MF	Stockpile	>1.40	0.06	2.40	0.19	-	-	-
				Total	22.17	2.43	0.23	4.94	2.18	0.28		

Rounding of numbers may result in minor apparent summing errors.

Au gold
CIL carbon in leach
CIP carbon in pulp
Cu copper
EL exploration licence
FS feasibility study
GR gravity separation
g/t grammes per tonne
HL heap leach
MF mechanical flotation

ML mining licence
Moz million troy ounces
Mt million tonnes
OP open pit mine
POX pressure oxidation

UG underground mine
Zn zinc

2018 Ore Reserves							2018 to 2017	2017 Ore Reserves				2016 Ore Reserves			
Total Reserves			Recoverable		Life of mine		Changes	Total Reserves				Total Reserves			
Mt	g/t Au	% Zn	Moz Au	% Plant recovery	Moz Au	Years	Moz Au	Mt	g/t Au	% Zn	Moz Au	Mt	g/t Au	% Zn	Moz Au
12.16	3.20	-	1.25	95	1.19										
7.02	0.96	-	0.22	95	0.21										
19.18	2.38	-	1.47	95	1.40	8	-0.227	19.9	2.65		1.70	23.2	2.7		2.04
0.26	6.60	4.46	0.06	90	0.05										
0.85	2.63	3.87	0.07	90	0.06										
0.30	2.87	3.56	0.03	90	0.03										
1.35	3.10	4.01	0.13	90	0.12										
2.77	3.26	3.96	0.29	90	0.26	11	-0.020	2.22	4.34	4.1	0.31	3.3	4.5		0.48
48.00	0.73	-	1.13	49	0.55										
8.82	1.61	-	0.46	85	0.39										
5.14	0.39	-	0.06	49	0.03										
61.96	0.83	-	1.65	59	0.97	16	0.276	54.7	0.78		1.37	45.1	0.8		1.12
14.00	0.76	-	0.34	49	0.17										
6.41	1.79	-	0.37	85	0.31										
20.41	1.08	-	0.71	68	0.48	13	0.389	9.9	1.01		0.32	14.1	1.3		0.59
3.10	2.08	0.40	0.05	90	0.04										
0.33	4.54	0.50	0.05	90	0.04										
0.25	5.05	0.75	0.04	90	0.04										
0.18	4.35	1.51	0.03	90	0.02										
0.01	7.20	1.50	0.00	90	0.00										
1.01	5.00	0.73	0.16	90	0.19	5	-0.039	1.03	6.09	1.5	0.20	0.7	6.5		0.14
0.58	0.96	-	0.02	65	0.01										
1.59	1.16	-	0.06	51	0.03										
3.53	1.88	-	0.21	57	0.12										
5.70	1.59	-	0.29	56	0.16	5	0.006	5.4	1.64		0.28	-	-	-	-
2.70	1.84	-	0.16	84	0.13										
25.00	2.61	-	2.09	88	1.84										
27.70	2.53	-	2.26	88	1.98	12	0	27.7	2.53		2.26	-	-	-	-
4.90	1.62	-	0.25	84	0.21										
12.30	2.15	-	0.85	88	0.75										
17.30	1.99	-	1.11	87	0.96	12	0	17.3	1.99		1.11	-	-	-	-
156.03	1.58	-	7.94	75	5.92	-	0.386	138	1.70		7.55	86.4	1.57		4.37

Mt	% Cu	g/t Au	Mt Cu	% Plant recovery	Mt Cu	Years	Mt Cu	Mt	% Cu	g/t Au	Mt Cu	Mt	% Cu	g/t Au	Mt Cu
4.18	2.29	0.35	0.10	94	0.09		-0.01	4.52	2.31	0.35	0.10	4.58	2.52	0.35	0.12
22.87	2.40	0.22	0.55	94	0.52		0.09	19.03	2.42	0.21	0.46	18.01	2.51	0.21	0.45
0.06	2.40	0.19	0.00	94	0.001		-0.002	0.13	2.38	0.21	0.003	0.08	1.88	0.32	0.002
27.11	2.38	0.24	0.65	94	0.61	11	0.08	23.68	2.40	0.24	0.57	22.7	2.51	-	0.57

Mineral Resource estimates at 31 December 2018

Phosphate						2018 Mineral Resources									
						Cut-off	Measured			Indicated			Inferred		
Project name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	% P ₂ O ₅	Mt	% P ₂ O ₅	% MgO	Mt	% P ₂ O ₅	% MgO	Mt	% P ₂ O ₅	% MgO
Al Jalamid ML	Mine	70%	OP	SC+MF	UPZ	>12	256.0	20.1	3.2	35.0	17.2	5.2	67.0	16.0	5.9
				SC+MF	MM	>12	33.0	19.2	5.7	-	-	-	-	-	-
				SC+MF	LPZ	>12	33.0	19.6	6.7	-	-	-	-	-	-
				SC+MF	Stockpile	>12	-	-	-	5.0	19.1	-	3.0	18.6	-
				Total	>12	322.0	20.0	5.5	40.0	17.4	-	70.0	16.1	-	
Al Jalamid EL	Exploration	100%	OP	MF	Ore1	>15	-	-	-	-	-	-	261.6	16.3	3.4
					Ore2	>15	-	-	-	-	-	-	155.4	15.8	6.0
					Total	>15	-	-	-	-	-	-	417.0	16.1	4.4
						% P ₂ O ₅	Mt	% P ₂ O ₅	% SiO ₂	Mt	% P ₂ O ₅	% SiO ₂	Mt	% P ₂ O ₅	% SiO ₂
Al Khabra ML	Mine	60%	OP	SC+MF	PH1	>16	5.1	13.2	12.8	55.1	13.4	11.3	-	-	-
				SC+MF	PH2	>16	144.5	16.6	7.0	62.3	16.8	7.2	-	-	-
				SC+MF	PH3	>16	104.8	16.1	20.7	52.3	16.9	20.2	-	-	-
				SC+MF	Stockpile	>16	1.4	17.2	6.7	-	-	-	-	-	-
				Total	>16	255.8	16.3	12.7	169.7	15.7	12.6	-	-	-	
Umm Wu'al 6 MLA	PFS	60%	OP	MF	Total	>15	-	-	-	473.0	16.7	2.2	-	-	-
Umm Wu'al 4-5 MLA	PFS	100%	OP	CF	Total	>15	177.1	16.9	2.2	150.4	16.8	2.6	96.1	16.3	3.6
Umm Wu'al 10-11 MLA	PFS	100%	OP	SC	Total	>15	29.3	20.4	8.0	40.1	19.3	8.7	264.4	18.4	9.3
Umm Wu'al EL	Exploration	100%	OP	MF	Total	>15	-	-	-	-	-	-	242.7	16.9	-
Phosphate					Total	-	784	18.1	-	873	16.7	-	1,090	16.9	-

Industrial Bauxite

Project name and licence	Project Status	Ma'aden ownership	Mine type	Metallurgy type	Ore type	% Al ₂ O ₃	Mt	% Al ₂ O ₃	% SiO ₂	Mt	% Al ₂ O ₃	% SiO ₂	Mt	% Al ₂ O ₃	% SiO ₂
Az Zabirah ML	Mine	100%	OP	DS	Total	-	7.0	50.8	18.0	17	51.5	18.5	6.0	52.6	18.6
Az Zabirah Central EL	Exploration	100%	OP	DS	Total	-	-	-	-	19	50.1	16.9	10.0	48.9	14.5
Az Zabirah North EL	Exploration	100%	OP	DS	Total	-	-	-	-	-	-	-	20.0	50.4	16.8
Industrial bauxite					Total	-	7.0	50.8	18.0	36	50.8	17.7	36.0	50.3	16.5

Kaolin

Project name and licence	Project Status	Ma'aden ownership	Mine type	Metallurgy type	Ore type	% Al ₂ O ₃	Mt	% Al ₂ O ₃	% SiO ₂	Mt	% Al ₂ O ₃	% SiO ₂	Mt	% Al ₂ O ₃	% SiO ₂
Az Zabirah ML	Mine	100%	OP	DS	UCZ+LCZ	-	7.0	36.1	41.0	16	36.8	41.5	8.0	38.4	41.0
Az Zabirah Central EL	Exploration	100%	OP	DS	UCZ	-	-	-	-	13	36.4	40.7	4.0	36.0	41.0
Az Zabirah North EL	Exploration	100%	OP	DS	UCZ	-	-	-	-	-	-	-	21.0	35.1	40.4
Kaolin					Total	-	7.0	36.1	41.0	29	36.6	41.1	33.0	37.6	40.6

Magnesite

Project name and licence	Project Status	Ma'aden ownership	Mine type	Metallurgy type	Ore type	% MgO	Mt	% MgO	% CaO	Mt	% MgO	% CaO	Mt	% Al ₂ O ₃	% CaO
Al Ghazalah	Mine	100%	OP	DS	Total	-	0.70	46.2	1.7	3.4	43.2	4.2	2.0	44.1	1.6
Magnesite					Total	-	0.70	46.2	1.7	3.4	43.2	4.2	2.0	44.1	1.6

Metallurgical Bauxite

Project name and licence	Project Status	Ma'aden ownership	Mine type	Metallurgy type	Ore type	% TAA	Mt	% TAA	% SiO ₂	Mt	% TAA	% SiO ₂	Mt	% TAA	% SiO ₂
Al Ba'itha ML	Mine	74.9%	OP	DS	Total	>40	77.4	49.7	7.8	137.6	49.6	8.6	27.7	50.8	9.4
Az Zabirah ML	Mine	100%	OP	DS	Total	>40	12.0	48.6	10.9	17.0	46.6	12.2	11.0	46.3	12.3
Az Zabirah Central EL	Exploration	100%	OP	DS	Total	>40	-	-	-	14.0	45.9	11.5	23.0	48.0	8.1
Az Zabirah North EL	Exploration	100%	OP	DS	Total	>40	-	-	-	-	-	-	31.0	44.9	9.3
Metallurgical bauxite					Total	>40	89.4	49.5	8.2	168.6	49.0	9.2	92.7	32.6	6.3

Rounding of numbers may result in minor apparent summing errors

Al₂O₃ : aluminium oxide
CaO : calcium oxide
CF : column flotation

DS : direct shipping ore
EL : exploration licence
FS : feasibility study

MF : mechanical flotation
MgO : magnesium oxide
ML : mining licence

2018 Mineral Resources				2018 to 2017	2017 Mineral Resources				2016 Mineral Resources		
Total Resources				Changes	Total Resources				Total Resources		
Mt	% P ₂ O ₅	% MgO	Mt P ₂ O ₅	Mt P ₂ O ₅	Mt	% P ₂ O ₅	% MgO	Mt P ₂ O ₅	Mt	% P ₂ O ₅	Mt P ₂ O ₅
358.0	19.0	3.4	68.2	16.0	266.4	19.6	3.1	52.2	308.5	20.3	62.6
33.0	19.2	5.7	6.3	-0.1	33.7	19.1	5.7	6.4	38.8	19.4	7.5
33.0	19.6	6.7	6.5	0	33.6	19.3	6.6	6.5	35.6	19.7	7.0
8.0	18.9		1.5	0.6	4.6	18.9	-	0.9			
432.0	19.1	4.9	82.5	16.5	340.4	19.4	-	66.0	382.8	20.1	77.1
261.6	16.3	3.4	42.6	0	261.6	16.3	3.4	42.6	261.6	16.3	42.6
155.4	15.8	6.0	24.5	0	155.4	15.8	6.0	24.5	155.4	15.8	24.5
417.0	16.1	4.4	67.1	0	417.0	16.1	4.4	67.1	417.0	16.1	67.1

Mt	% P ₂ O ₅	% SiO ₂	Mt P ₂ O ₅	Mt P ₂ O ₅	Mt	% P ₂ O ₅	% SiO ₂	Mt P ₂ O ₅	Mt	% P ₂ O ₅	Mt P ₂ O ₅
60.2	13.4	11.4	8.1	0	60.3	13.4	11.5	8.1	60.1	13.5	8.1
206.8	16.6	7.1	34.4	-0.8	212.0	16.6	7.1	35.2	215.9	16.6	35.8
157.1	16.4	20.6	25.7	-0.2	158.2	16.4	20.5	25.9	158.0	16.4	25.9
1.4	17.2	6.7	0.2	0	1.3	17.2	5.7	0.2	1.0	17.3	0.2
425.5	16.1	12.7	68.4	-1.0	431.9	16.1	12.6	69.4	435.0	16.1	69.9
473.0	16.7	2.2	79.0	0	473.0	16.7	2.2	79.0	473.0	16.7	79.0
423.6	16.7	2.7	70.9	0	423.6	16.7	2.7	70.9	423.7	16.7	70.8
333.8	18.7	9.1	62.4	0	333.8	18.7	9.1	62.4	315.7	18.7	58.9
242.7	16.9	-	41.0	0	242.7	16.9	-	41.0	242.7	16.9	41.0
2,748	17.2	-	471.3	15.5	2,662	17.1	-	455.8	2689.9	17.2	464.0

Mt	% Al ₂ O ₃	% SiO ₂	Mt Bauxite	Mt Bauxite	Mt	% Al ₂ O ₃	% SiO ₂	Mt Bauxite	Mt	% Al ₂ O ₃	% Al ₂ O ₃
30	51.6	18.4	30.0	0	30.0	51.6	18.4	78.8	78.8	53.3	78.8
29	49.7	16.1	29.0	-84.0	113.0	49.7	15.3	113.0	113.0	49.7	113.0
20	50.4	16.8	20.0	20.0	-	-	-	-	-	-	-
79	50.5	17.1	79.0	-64.0	143.0	50.1	15.9	191.8	191.8	51.2	191.8

Mt	% Al ₂ O ₃	% SiO ₂	Mt Kaolin	Mt Kaolin	Mt	% Al ₂ O ₃	% SiO ₂	Mt Kaolin	Mt	% Al ₂ O ₃	Mt Kaolin
31	37.1	41.3	31.0	0	31	37.1	41.3	31	194	37.7	194
17	36.3	40.8	17.0	-175	192	36.3	40.3	192	192	36.3	192
21	35.1	40.4	21.0	21.0	-	-	-	-	-	-	-
69	37.0	40.9	69.0	-154.0	223	36.4	40.4	223	386	37.0	386

Mt	% MgO	% CaO	Mt Magnesite	Mt Magnesite	Mt	% MgO	% CaO	Mt Magnesite	Mt	% MgO	Mt Magnesite
6.1	43.8	3.0	6.1	-0.4	6.5	43.9	6.5	3.0	3.0	45.7	3.0
6.1	43.8	3.0	6.1	-0.4	6.5	43.9	6.5	3.0	3.0	45.7	3.0

Mt	% TAA	% SiO ₂	Mt Bauxite	Mt Bauxite	Mt	% TAA	% SiO ₂	Mt Bauxite	Mt	% TAA	Mt Bauxite
242.7	49.8	8.4	242.7	-6.1	248.8	49.8	8.4	248.8	250.3	49.9	250.3
40.0	47.1	11.8	40.0	0	40.0	47.2	11.8	40.0	18.4	45.2	18.4
37.0	47.2	9.4	37.0	18.0	19.0	46.3	11.7	19.0	19.0	46.3	19.0
31.0	44.9	9.3	31.0	31.0	-	-	-	-	-	-	-
350.7	44.8	8.2	350.7	42.9	307.8	49.2	9.0	307.8	287.7	49.4	287.7

MLA : mining licence application
Mt : million tonnes

OP : open pit mine
P₂O₅ : phosphorus pentoxide

PFS : preliminary feasibility study
SiO₂ : silicon dioxide

SC : dry screening
TAA : total available alumina

Mineral Resource estimates at 31 December 2018 (continued)

Gold						2018 Mineral Resources									
						Cut-off		Measured		Indicated		Inferred			
Mine name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	g/t Au	Mt	g/t Au	% Zn	Mt	g/t Au	% Zn	Mt	g/t Au	% Zn
Ad Duwayhi ML	Mine	100%	OP	GR+CIL	All Types	>0.40	10.65	3.37	-	4.68	1.76	-	4.65	1.21	-
					GR+CIL	>0.63	-	-	-	7.00	0.96	-	-	-	-
					Total	10.65	3.37	11.68	1.28	4.65	1.21	-	-	-	
Al Amar ML	Mine	100%	UG	MF+CIL	North	>2.0	0.30	9.90	6.80	0.06	4.50	6.00	-	-	-
					South	>2.0	-	-	-	0.14	3.60	5.20	0.84	2.90	1.10
					Minor	>2.0	0.06	5.50	3.80	0.39	4.70	5.10	0.14	6.50	4.40
					Stockwork	>2.0	0.82	4.30	5.00	1.69	3.60	3.80	0.22	3.30	4.20
					Background	>2.0	-	-	-	-	-	-	0.55	2.50	3.80
Total	1.18	5.77	5.47	2.28	3.81	3.08	1.74	3.10	3.59	-					
Bulghah ML	Mine	100%	OP	HL	Sulphide	>0.35 to <1.3	-	-	-	56.66	0.74	-	14.59	0.75	-
					CIL	>1.30	-	-	-	9.54	1.87	-	3.99	1.83	-
					CIL	>0.58	-	-	-	0.67	0.89	-	0.20	1.07	-
Total	-	-	-	66.87	0.90	18.78	0.98	-	-	-					
Sukhaybarat ML	Mine	100%	OP	HL	Sulphide	>0.35 to <1.3	-	-	-	16.90	0.77	-	3.60	0.71	-
					CIL	>1.30	-	-	-	6.30	2.11	-	1.20	2.25	-
					HL+CIL	Total	-	-	-	23.20	1.13	4.80	1.10	-	
Mahd Ad Dhahab ML	Mine	100%	UG	CIP	Oxide	>2.8	0.20	9.25	1.12	0.19	7.39	0.75	0.12	11.21	1.02
					North	>2.8	0.35	7.70	1.30	0.25	7.50	1.50	0.16	9.40	1.30
					Mid	>2.8	0.23	8.10	1.70	0.23	7.30	1.60	0.30	9.90	1.90
					South	>2.8	0.29	7.60	2.40	0.16	6.50	2.30	0.10	7.00	2.10
Total	1.07	8.06	1.72	0.83	7.30	1.52	0.68	9.57	1.11	-					
As Suq ML	Mine	100%	OP	HL	Oxide	>0.33	-	-	-	0.67	1.00	-	0.07	1.26	-
					Transitional	>0.42	0.18	1.82	-	1.71	1.16	-	0.05	1.82	-
					Sulphide	>0.38	2.62	1.59	-	3.09	1.74	-	0.28	1.73	-
Total	2.80	1.60	-	5.47	1.47	0.40	1.66	-	-	-					
Mansourah ML	FS	100%	OP	CIL	Oxide	>0.40	2.40	1.99	-	1.70	0.72	-	0.50	0.63	-
					POX	>0.55	12.00	2.42	-	26.20	2.08	-	4.00	2.52	-
					Total	14.40	2.35	-	27.90	2.00	4.50	2.31	-	-	
Massarah ML	FS	100%	OP	CIL	Oxide	>0.40	2.20	1.63	-	5.00	1.22	-	1.10	0.91	-
					POX	>0.55	1.70	2.09	-	31.00	1.69	-	2.70	1.05	-
					Total	3.90	1.83	-	36.00	1.62	3.80	1.01	-	-	
Ar Rjum ML	PFS	100%	OP	CIL	Waseemah	>0.40	-	-	-	43.72	1.55	-	0.00	0.00	-
					Um Naam	>0.40	-	-	-	27.21	1.51	-	0.45	1.10	-
					Ghazal	>0.40	-	-	-	0.79	1.51	-	0.03	1.04	-
Total	-	-	-	71.72	1.53	0.48	1.10	-	-						
Bir Tawilah ML	Expl	100%	OP	HL	Oxide	>0.25	-	-	-	6.00	0.73	-	2.00	0.82	-
					Sulphide	>0.30	-	-	-	31.00	0.90	-	2.00	0.79	-
					Total	-	-	-	37.00	0.87	4.00	0.81	-	-	
Jabal Ghadarah ML	Expl	100%	OP	HL	Oxide	>0.24	-	-	-	1.90	1.20	-	3.50	0.90	-
Total	34.00	2.85	-	261.7	1.46	42.53	1.48	-	-						

Copper

Mine name and licence	Project type	Ma'aden ownership	Mine type	Metallurgy type	Ore type	% Cu	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au
Jabal Sayid ML	Mine	50%	UG	MF	Lode 1	>1.4	-	-	-	3.07	2.22	0.59	0.002	1.47	0.46
					Lode 2	>1.4	0.17	1.30	0.25	0.003	1.30	0.19	-	-	-
					Lode 4	>1.4	1.35	1.25	0.11	0.13	1.19	0.09	0.71	1.65	0.07
					Lode 4 T3	>1.4	0.73	2.40	0.95	-	-	-	-	-	-
Total	2.25	1.63	0.40	3.21	2.18	0.57	0.71	1.65	0.07	-					

Rounding of numbers may result in minor apparent summing errors

Au gold
CIL carbon in leach
CIP carbon in pulp
Cu copper
EL exploration licence
Expl exploration prospect

FS feasibility study
GR gravity separation
g/t grammes per tonne

HL heap leach
MF mechanical floatation
ML mining licence

2018 Mineral Resources					2018 to 2017	2017 Mineral Resources					2016 Mineral Resources		
Total Resources					Changes	Total Resources					Total Resources		
Mt	g/t Au	% Zn	Moz Au		Moz Au	Mt	g/t Au	% Zn	Moz Au	Mt	g/t Au	Moz Au	
19.98	2.49	-	1.60										
7.00	0.96	-	0.22										
26.98	2.09	-	1.82		-0.27	30.7	2.12	-	2.09	37.3	2.12	2.54	
0.36	8.99	6.67	0.10										
0.98	3.00	1.68	0.09										
0.59	5.20	4.80	0.10										
2.73	3.79	4.19	0.33										
0.55	2.50	3.80	0.04										
5.20	4.02	3.79	0.67		-0.03	5.2	4.20	4.13	0.70	6.8	5.11	1.12	
71.25	0.74	-	1.70										
13.53	1.86	-	0.81										
0.87	0.93	-	0.03										
85.65	0.92	-	2.53		-0.23	97.3	0.88	-	2.76	91.7	0.95	2.81	
20.50	0.76	-	0.50										
7.50	2.13	-	0.51										
28.00	1.13	-	1.01		0.07	30.0	0.98	-	0.95	22.9	0.98	0.72	
0.52	9.02	0.96	0.15										
0.76	7.99	1.37	0.19										
0.76	8.55	1.75	0.21										
0.55	7.17	2.31	0.13										
2.58	8.21	1.49	0.68		-0.03	2.8	7.97	1.87	0.71	2.6	7.55	0.62	
0.74	1.02	-	0.02										
1.94	1.24	-	0.08										
5.99	1.67	-	0.32										
8.67	1.52		0.42		-0.01	8.4	1.59	-	0.43	12.6	1.39	0.56	
4.60	1.37	-	0.20										
42.20	2.22	-	3.01										
46.80	2.14	-	3.21		0	46.8	2.14	-	3.22	46.8	2.14	3.22	
8.30	1.29	-	0.34										
35.40	1.66	-	1.89										
43.70	1.59		2.23		0.01	43.7	1.59	-	2.23	43.7	1.59	2.23	
43.72	1.55	-	2.18		0	43.7	1.55	-	2.18	28.1	1.42	1.28	
27.66	1.50	-	1.34		0	27.7	1.50	-	1.34	33.7	1.25	1.35	
0.82	1.49	-	0.04		0	0.8	1.49	-	0.04	-	-	-	
72.20	1.53	-	3.56		0	72.2	1.53	-	3.56	61.8	1.32	2.63	
8.00	0.75	-	0.19										
33.00	0.89	-	0.95										
41.00	0.87	-	1.14		0.11	37.0	0.87	-	1.03	-	-	-	
5.40	1.01	-	0.17		-0.05	7.3	1.00	-	0.23	-	-	-	
366.18	1.48	-	17.46		-0.43	381.3	1.46	-	17.89	387.9	1.32	16.46	

Mt	% Cu	g/t Au	Mt Cu	Mt Cu	Mt	% Cu	g/t Au	Mt Cu	Mt	% Cu	Mt Cu
3.07	2.22	0.59	0.07	-0.002	3.50	2.01	0.56	0.07			
0.18	1.30	0.25	0.002	0.001	0.14	1.25	0.26	0.002			
2.19	1.38	0.10	0.03	-0.058	4.01	2.20	0.23	0.09			
0.73	2.40	0.95	0.02	-0.012	1.34	2.18	0.80	0.03			
6.17	1.92	0.45	0.12	-0.07	8.99	2.11	0.44	0.19	8.77	2.18	0.19

MLA mining licence application
Moz million troy ounces
Mt million tonnes

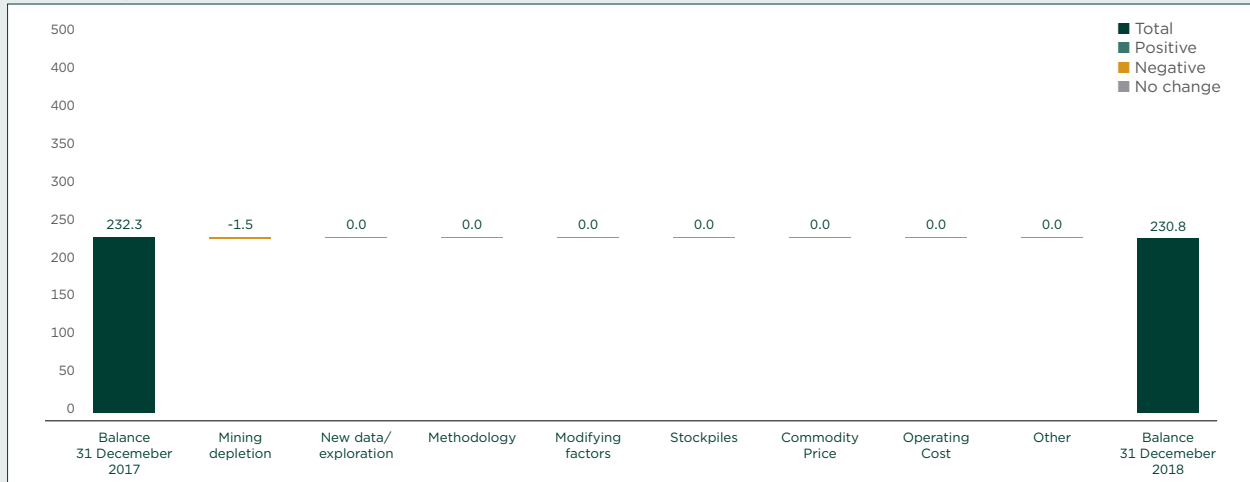
OP open pit mine
PFS Preliminary feasibility study
POX pressure oxidation

UG underground mine
Zn zinc

Ore Reserve changes from December 2017 to December 2018

Phosphate

Contained P_2O_5 million tonnes



Ore Reserves decreased by 1.5 million tonnes of contained P_2O_5 from annual mine production at Al Khabra and Waad Al Shamal mines

Metallurgical bauxite

Contained bauxite million tonnes



Bauxite ore reserves decreased by 4.3 Mt in due to scheduled annual mine production at Al Ba'itha mine. A decrease of 0.8 Mt in Ore Reserves resulted from partial sterilisation of footwall ore at Al Ba'itha mine.

Gold

Contained gold million troy ounces



Ore reserves increased by 0.31 million ounces from 7.56 million ounces in December 2017 to 7.87 million ounces in December 2018. Planned production at Ma'aden's six gold mines resulted in a decrease in ore reserves of 0.52 million ounces. This depletion was offset by the addition of 0.74 million ounces from new open pit mine designs at Bulghah and Sukhaybarat mines.

Rounding of figures may cause apparent summing differences

Mineral Resource changes from December 2017 to December 2018

Phosphate

Contained P_2O_5 million tonnes



Mineral resources increased by 16.8 million tonnes P_2O_5 from resource drilling at Al Jalamid mine
 Mineral resources decreased by 1.8 million tonnes P_2O_5 from scheduled mine production at Al-Khabra and Wa'ad Al-Shamal mines

Metallurgical Bauxite

Contained bauxite million tonnes



Bauxite mineral resources materially increased by 80 Mt from exploration drilling in the Zabirah Central and Zabirah North licences.
 A decrease of 4.7 Mt in mineral resources due to scheduled annual mine production at Al Ba'itha mine.
 A decrease of 1.6Mt in mineral resources resulted from partial sterilisation of footwall ore in the Al-Ba'itha mine.

Gold

Contained gold million troy ounces



Mineral resources decreased by 0.31 million ounces from 17.88 million ounces in December 2017 to 17.46 million ounces in December 2018.
 Planned gold mine production resulted in a decrease of 0.54 million ounces.
 This depletion was partly offset by the addition of 0.2 million ounces, from exploration drilling at Bulghah mine.

Note: Definitions of the terms on the 'x' axis of the charts above are included in the glossary of terms (Appendix)

Competent Persons for Ore Reserves at 31 December 2018

Project name and licence	Effective date	Competent person	RPO	RPO membership	Employer
Phosphate					
Al-Jalamid ML	Dec 2018	Filip Orezechowski	MIMMM CP(Min)	459557	SRK Consulting
Al-Khabra ML	Dec 2018	Dr. Rossen Halatchev	MAusIMM CP(Min)	208219	AusGEMCO
Umm Wu'al B6 MLA	May 2014	Helge Ziehe	MAusIMM	48891	Sofreco
Umm Wu'al UMW 4 & 5 MLA	Oct 2017	Thierry Rousseau	EFG (EurGeol)	1031	Technip
Umm Wu'al UMW 10 & 11 MLA	Dec 2016	John Knight	FGS (CGeol), EFG (EurGeol), MIMMM	15040, 336, 29722	Sofreco
Metallurgical bauxite					
Al-Ba'itha ML	Dec 2018	Scott McEwing	FAusIMM (CP Min)	111809	SRK Consulting
Gold					
Ad-Duwayhi ML	Dec 2018	Phil Newall	MIMMM CEng	48891	Wardell Armstrong
Al Amar ML	Dec 2018	Joe McDiarmid	MAusIMM CP(Min)	112414	RPM Global
As Suq ML	Dec 2018	Phil Newall	MIMMM	48891	Wardell Armstrong
Bulghah ML	Dec 2018	Phil Newall	MIMMM	48891	Wardell Armstrong
Sukhaybarat ML	Dec 2018	Phil Newall	MIMMM	48891	Wardell Armstrong
Mahd Ad Dhahab ML	Dec 2018	Joe McDiarmid	MAusIMM CP(Min)	112414	RPM Global
Mansourah ML	May 2017	Klaus Thomas Shrimpf	FAusIMM	112612	Amec Foster Wheeler
Massarah ML	May 2017	Klaus Thomas Shrimpf	FAusIMM	112612	Amec Foster Wheeler
Kaolin					
Az-Zabirah ML	Dec 2018	Filip Orzechowski	MIMMM	459557	SRK Consulting
Industrial bauxite					
Az-Zabirah ML	Dec 2018	Filip Orzechowski	MIMMM	459557	SRK Consulting
Magnesite					
Al Ghazalah ML	Dec 2018	Filip Orzechowski	MIMMM	459557	SRK Consulting
Copper					
Jabal Sayid ML	Dec 2018	Simon Flint	MAusIMM	221079	MBCC

CEng - Chartered Engineer of the Institute of Materials, Mining and Metallurgy

CGeol - Chartered Geologist of the Geological Society of London

Competent Person - defined by the JORC Code as a member of a Recognised Professional Organisation (RPO) with a minimum of five years experience working with the style of mineralisation under consideration and relevant to the activity which the person is undertaking

CP Geo - Chartered Professional (Geology) of the Australasian Institute of Mining and Metallurgy

CP Min - Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy

EFG - European Federation of Geologists

EurGeol - European Geologist member of the European Federation of Geologists

Competent Persons for Mineral Resources at 31 December 2018

Project name and licence	Effective date	Competent person	RPO	RPO membership	Employer
Phosphate					
Al-Jalamid ML	Dec 2018	Dr. Tim Lucks	MAusIMM CP(Geo)	304968	SRK Consulting
Al-Khabra ML	Dec 2018	Dr. Deliana Gabeva	MAusIMM	321566	AusGEMCO
Umm Wu'al B6 MLA	Jun 2014	Daniel Mariton	EFG, EurGeol	M2013-2494, 1159	Sofreco
Umm Wu'al UMW 4 & 5 MLA	Dec 2016	Daniel Mariton	EFG, EurGeol	M2013-2494, 1159	Sofreco
Umm Wu'al UMW 10 & 11 MLA	Dec 2016	Daniel Mariton	EFG, EurGeol	M2013-2494, 1159	Sofreco
Umm Wu'al EL	Dec 2018	Daniel Mariton	EFG, EurGeol	M2013-2494, 1159	Sofreco
Al Jalamid EL	Jun 2014	Daniel Mariton	EFG, EurGeol	M2013-2494, 1159	Sofreco
Metallurgical bauxite					
Al-Ba'itha ML	Dec 2018	Rodney Brown	MAusIMM	110384	SRK Consulting
Az-Zabirah ML	Dec 2018	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Az-Zabirah Central EL	Dec 2016	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Az-Zabirah North EL	Dec 2016	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Gold					
Ad-Duwayhi ML	Dec 2018	Alan Clarke	C.Geol.	1014124	Wardell Armstrong
Al Amar ML	Dec 2018	Paul Payne	FAusIMM	105622	RPM Global
As Suq ML	Dec 2018	Alan Clarke	C.Geol	1014124	Wardell Armstrong
Bulghah ML	Dec 2018	Alan Clarke	FGS	1015279	Wardell Armstrong
Sukhaybarat ML	Dec 2018	Alan Clarke	FGS	1015279	Wardell Armstrong
Mahd Ad Dhahab ML	Dec 2018	Robert Dennis	MAusIMM	202832	Datamine
Mansourah ML	Jun 2015	Edmund Sides	IGI (PGeo)	116	Amec Foster Wheeler
Massarah ML	Jun 2015	Edmund Sides	IGI (PGeo)	116	Amec Foster Wheeler
Ar Rjum (Waseemah) ML	Nov 2016	Helen Oliver Simon Pepper	FGS MIMMM	101241 144699	DMT Consulting DMT Consulting
Ar Rjum (Umm Naam) ML	Nov 2016	Helen Oliver Simon Pepper	FGS MIMMM	101241 44699	DMT Consulting DMT Consulting
Ar Rjum (Ghazal) ML	Nov 2016	Helen Oliver Simon Pepper	FGS MIMMM	101241 44699	DMT Consulting DMT Consulting
Bir Tawilah EL	Nov 2018	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK UK
Jabal Ghadarah EL	Dec 2018	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK UK
Kaolin					
Az-Zabirah ML	Dec 2018	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Az-Zabirah Central EL	Dec 2016	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Az-Zabirah North EL	Dec 2016	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Industrial bauxite					
Az-Zabirah ML	Dec 2018	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Az-Zabirah Central EL	Dec 2016	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Az-Zabirah North EL	Dec 2016	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Magnesite					
Al Ghazalah ML	Dec 2018	Mark Campodonic	MAusIMM CP(Geo)	225925	SRK Consulting
Copper					
Jabal Sayid ML	Dec 2018	Brian Fitzpatrick	MAusIMM CP(Geo)	203397	Cube Consulting

FAusIMM - Fellow of the Australasian Institute of Mining and Metallurgy

FGS - Fellow of the Geological Society of London

IGI (PGeo) - Institute of Geologists of Ireland Professional Geologist

MAusIMM - Member of the Australasian Institute of Mining and Metallurgy

MIMMM - Member of the Institute of Materials, Mining and Metallurgy

RPO - Recognised Professional Organisation under JORC Code 2012



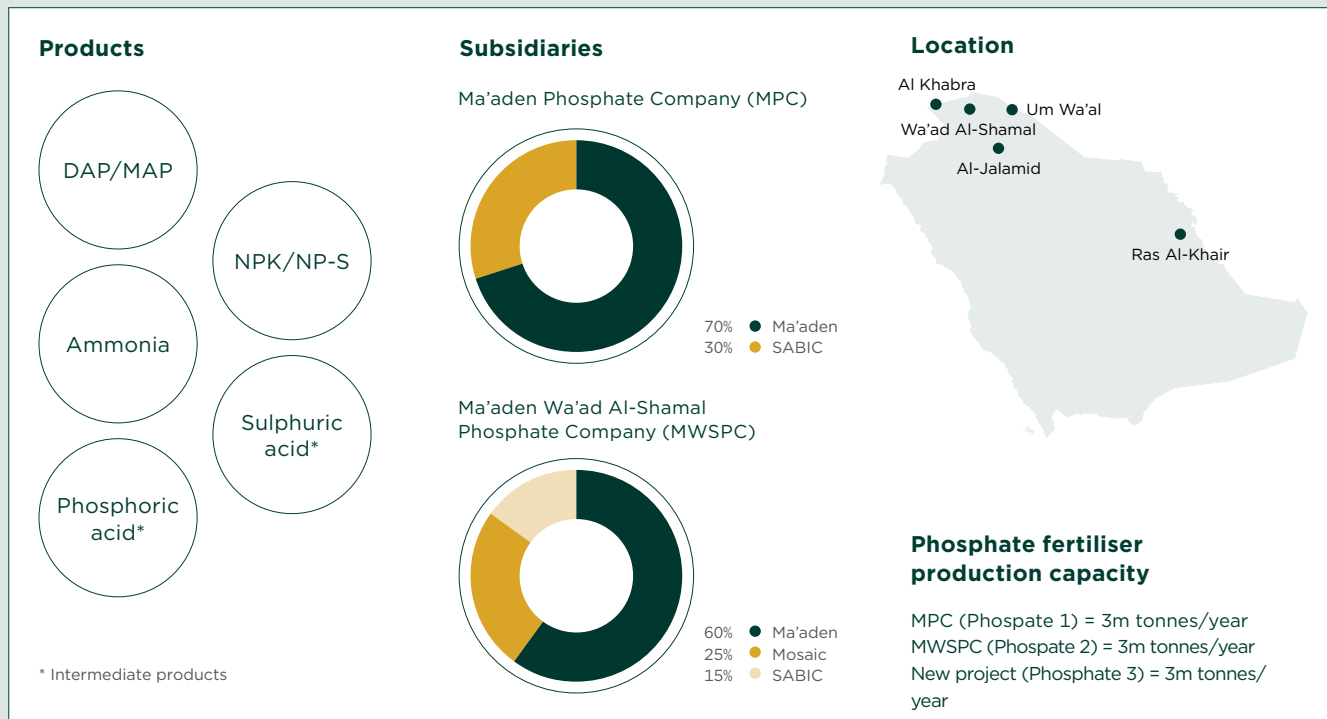
07 Operations and business



On the road to becoming a global phosphate power

Our growth as a global phosphate fertiliser producer and exporter over the past decade has delivered excellent benefits for the Saudi economy and global agriculture.

At a glance



Phosphate journey 2007-2018

2007	2011	2013	2015	2017
Joint venture with SABIC to establish MPC	Ammonia-1 (MPC) commercial production	Shareholders agreement with The Mosaic and SABIC to establish MWSPC	Gas allocation letter for Phosphate 3	Ammonia-2 (MWSPC) commercial production
2008	2012	2014	2016	2018
Project financing commitments for MPC	Phosphate-1 (MPC) commercial production	Award of EPC contract for MWSPC	Planning underway for Phosphate 3	Ammonia plant EPC contract for Phosphate 3
2010				
Common systems commissioned, train services begin to transport phosphate rock from Al-Jalamid mine	Government approval for Wa'ad Al-Shamal project	Additional contracts for MWSPC	MoU with The Mosaic to explore further collaboration in Saudi Arabia	Phosphate-2 commercial production
		MWSPC project financing agreement		

In 2018, we signed the first contract that marks the beginning of the construction of our third world-class, large-scale phosphate fertiliser complex in Saudi Arabia. Phosphate 3 will be implemented in phases and is scheduled to be completed by 2025, increasing Ma'aden's phosphate fertiliser production capacity from 6 to 9 million tonnes.

Phosphate 3 will secure Saudi Arabia's position as the third largest producer and second largest exporter of phosphate fertilisers, meeting our 2025 strategy goal of becoming a leading global fertiliser company.

Phosphate 3 will secure Saudi Arabia's position as the third largest producer and second largest exporter of phosphate fertilisers.



In October 2018, we signed a SAR3.35 billion engineering, procurement and construction contract with Daelim Industrial and Saudi Daelim Limited to build a 1.1 million tonne per year ammonia plant as part of Phosphate 3.

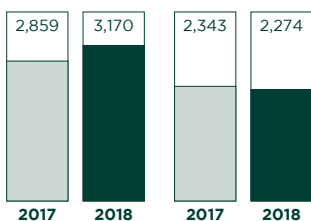
The project is being implemented in phases. The ammonia plant construction will be completed by 2021. The current plan is to execute the phosphate stream in three phases: 1 million tonnes of fertiliser capacity in each phase by 2023, 2024 and 2025.

We are investing SAR24 billion to build Phosphate 3, which will contribute SAR25 billion to Saudi Arabia's non-oil GDP and generate up to 7,000 direct, indirect and induced jobs. Over the past decade, our investments in the integrated phosphate value chain in Saudi Arabia have contributed significantly to national economic development and creation of thousands of jobs. Our products have helped cultivate diverse crops around the world.



Year-on-year production and sales

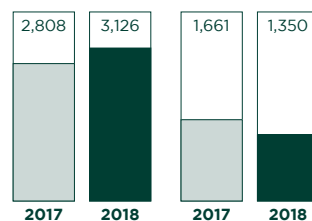
Production KMT



Phosphate fertiliser

Ammonia

Sales KMT



Phosphate fertiliser

Ammonia

Top right: Quality control laboratory at MWSPC
Above right: Partial aerial view of the MPC complex in Ras Al-Khair.



Expected production capacity by 2025

9m

tonnes of phosphate fertilisers

The newly constructed fertiliser plants of Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC)—Phosphate 2—came into commercial production in December 2018. The ammonia plant operated at 106 per cent capacity in 2018. The combined phosphate fertiliser production capacity of MWSPC and Ma'aden Phosphate Company (Phosphate 1) is 6 million tonnes per year.

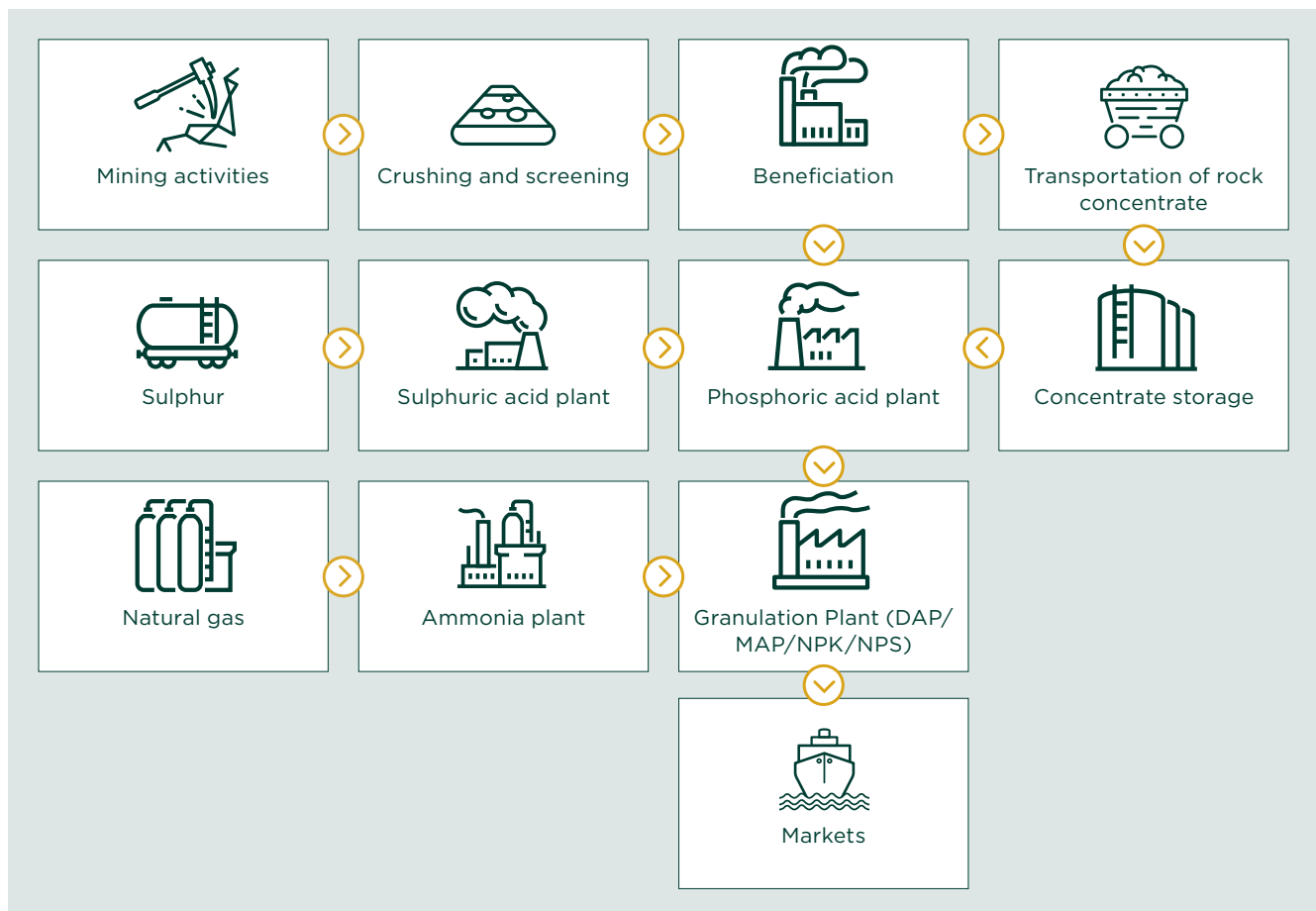
In 2018 MPC delivered a record operational and robust financial performance with the phosphate stream achieving the highest-ever production and the ammonia plant operating at more than 100 per cent capacity (see graph previous page).

However, there was an unfortunate fatality incident despite the adoption of the best safety standards. A thorough investigation of this incident has been conducted. We are committed to zero harm in all our operations by promoting a safety culture that complies with the best safety standards and practices.

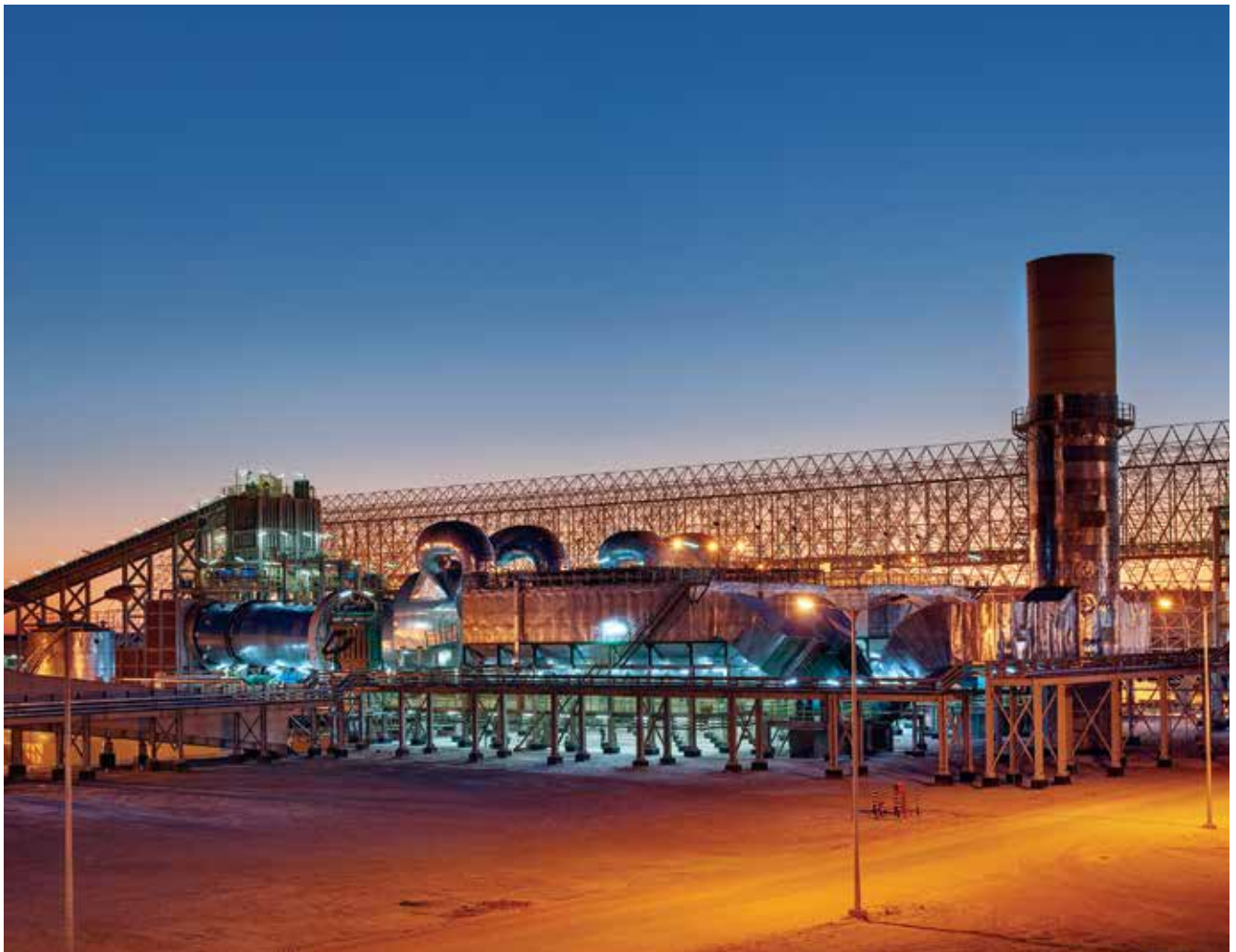
Increasing market share

Our phosphate business has won global recognition for the sustained growth in our market share and for product quality that offers very low level of impurities, protecting environment and human health.

Mine to market: fully integrated phosphate value chain



Notes: For MPC, Rock concentrate is transported by trains operated by Saudi Arabian Railway Company (SAR) from Al-Jalamid to Ras Al-Khair and for MWSPC phosphoric acid is transported by train from Wa'ad Al-Shamal to Ras Al-Khair; Natural gas and sulphur are sourced from Saudi Aramco.



Estimated investment
in phosphate 3

24
SAR billion

Above: The Al-Jalamid mine plant

The global demand for phosphate fertiliser is projected to grow 2 per cent in 2019 backed by expected healthy demand mainly in South Asia, North America and Latin America. We continued to expand our marketing reach in line with the growth in volumes and correspondingly increased sales in South Asia, Oceania, Africa and the Americas. We expect demand and prices to remain stable.

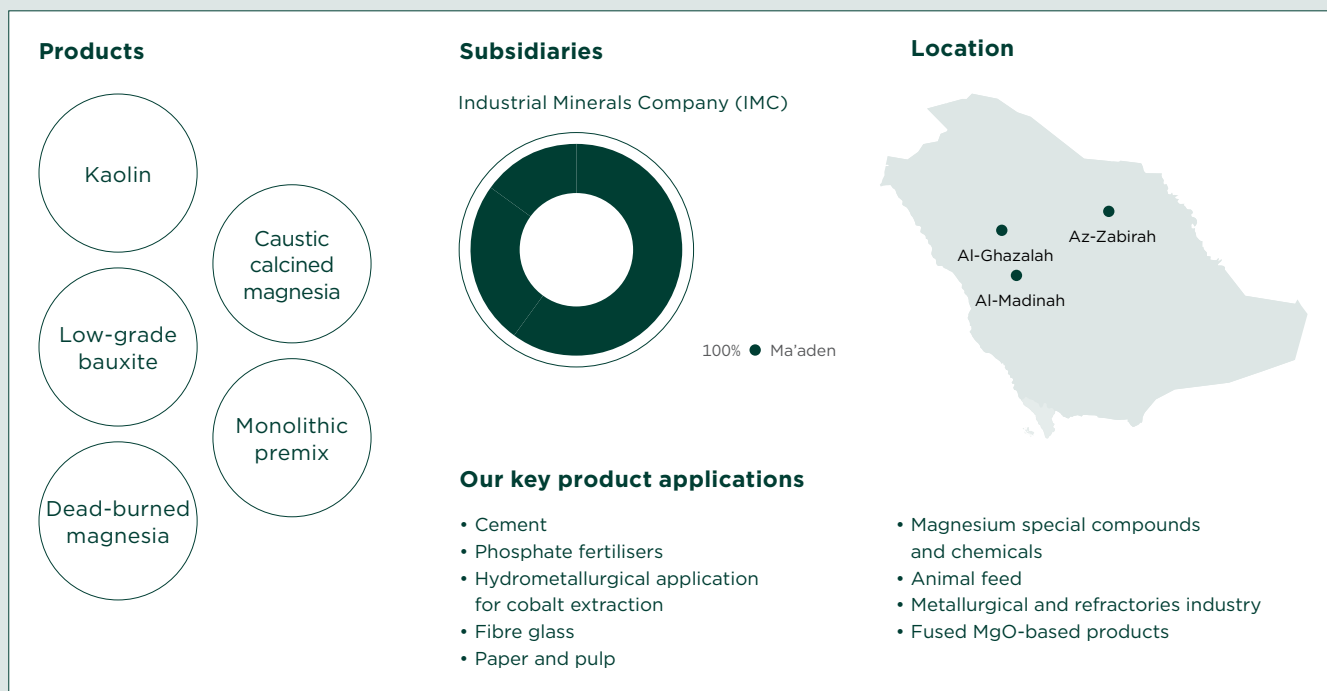
Over the past decade, our investments in an integrated Saudi phosphate value chain have contributed significantly to national economic development and creation of thousands of jobs. Our products have helped cultivate diverse crops around the world.

Our commitment to deliver the most suitable product grade and quality based on their geographical conditions is widely acknowledged. In late 2017, MPC received the 'Protect and Sustain' certification from the International Fertiliser Association (IFA), recognising the customer-oriented efficiency of our production, marketing and sales network.

Setting new performance records

Operational excellence, expanded product portfolio and market reach help industrial minerals achieve record performance in 2018.

At a glance



Industrial minerals journey 2008-2018

<p>2008</p> <p>IMC registration process and magnesite project planning under way; start of LGB mining</p>	<p>2011</p> <p>CCM plant achieves commercial production, first sale of the product</p>	<p>In-house reserve estimates for kaolin increased from 937,000 tonnes to 7.13 million tonnes</p>	<p>with JORC for Az Zabirah and Al-Ghazalah</p>	<p>2018</p> <p>Production and sales of monolithics premix</p>
<p>2009</p> <p>CCM plant construction begins</p>	<p>2012</p> <p>Az Zabirah mine begins production and sale of kaolin</p>	<p>2014</p> <p>LGB sales volume reaches 934,000 tonnes a year, kaolin sales reach 60,000 tonnes a year</p>	<p>2017</p> <p>Commercial startup of VSK plant and production of DBM</p>	<p>GAMEP environmental certification received for Az Zabirah mine</p>
<p>2010</p> <p>Al Ghazalah ore crushing system and mine facilities commissioned; the first blast conducted in December</p>	<p>2013</p> <p>In-house reserve estimates for bauxite increased from 3.08 million tonnes to 19.24 million tonnes</p>	<p>2015</p> <p>Resource and reserve estimation study conducted in compliance</p>	<p>ISO 22716:2007 for Good Manufacturing Practice (GMP) for CCM plant and environmental certificates from the General Authority of Meteorology and Environmental Protection (GAMEP), for both CCM plant and Al Ghazalah mine</p>	<p>ISO certification for safety, environment and quality renewed</p>

Our wholly owned subsidiary, Industrial Minerals Company (IMC), operates a kaolin and low grade bauxite (LGB) mine at Az Zabirah in the central region of Saudi Arabia, a magnesite mine at Al Ghazalah and manufacturing facilities consisting of a multiple hearth furnace (MHF) to produce caustic calcined magnesite (CCM) and vertical shaft kiln (VSK) to produce dead burned magnesite (DBM) and monolithic premix in Madinah Industrial City.

We began production of dead burned magnesite (DBM) in 2017 and monolithics premix in 2018. Our expanded product portfolio and the excellent manufacturing performance of CCM and kaolin plants helped us achieve record performance in 2018 in terms of total output, sales revenues and market reach.

Our vertical shaft kiln (VSK) to produce dead burned magnesite (DBM) and monolithics premix was stabilized, achieving nearly 81 per cent capacity utilisation and contributing about 20 per cent of IMC's revenue. The plant, which began commercial production in August 2017, has a capacity to produce 32,000 tonnes of DBM or monolithics premix per year.

The kaolin plant increased production by 32 per cent during 2018 with no additional cost. This was mainly achieved by restructuring the work force and improving our preventive maintenance programme. The MHF plant producing CCM operated at almost full capacity in 2018.

Expanding market, positive outlook

We continue to develop new global markets for industrial minerals. In 2018 we achieved 10 per cent direct end-user sales in Europe, gained additional entry to the global refractory market and introduced Ma'aden's dead burned magnesite (DBM) in leading markets that cater to use of monolithics in steel furnaces.

We expanded our customer base for DBM in the US, and for CCM in Taiwan and niche markets for special applications such as LCD, LED, special glass manufacturing, fused magnesite and fused spinal manufacturing. The demand for CCM and DBM in global markets remained strong in 2018 and the outlook for 2019 is positive.

LGB demand is driven by demand from the cement industry which continues to remain depressed with high clinker inventory with cement producers. The outlook for the cement industry, which is the primary user of LGB, continues to remain subdued.

The expanded product portfolio helped achieve record revenue surpassing SAR200 million for the first time.

Remarkable growth

Ma'aden established IMC in 2009 to develop its industrial minerals portfolio, which has delivered excellent results over the past decade.

Over the 2009-18 period, we have achieved compound annual growth of 14 percent in sales volume and 25 percent in sales revenue. When we began operations, our Saudisation rate was 58 per cent which has grown to 77 per cent in 2018.



Increase in kaolin production

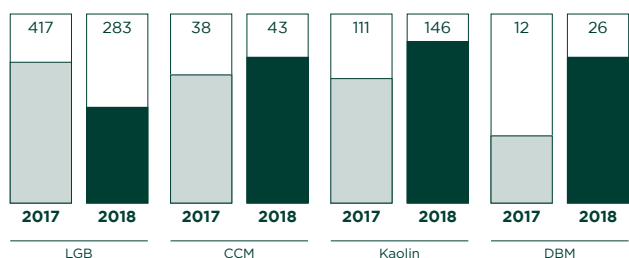
32%



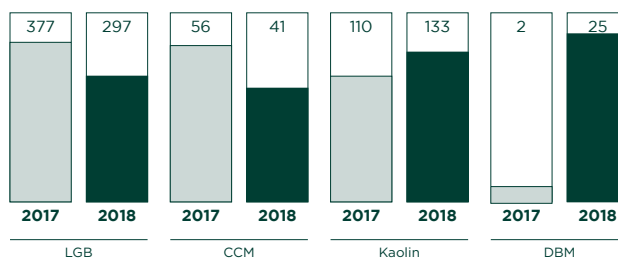
The CCM plant in Madinah Industrial City

Year-on-year production and sales

Production KMT



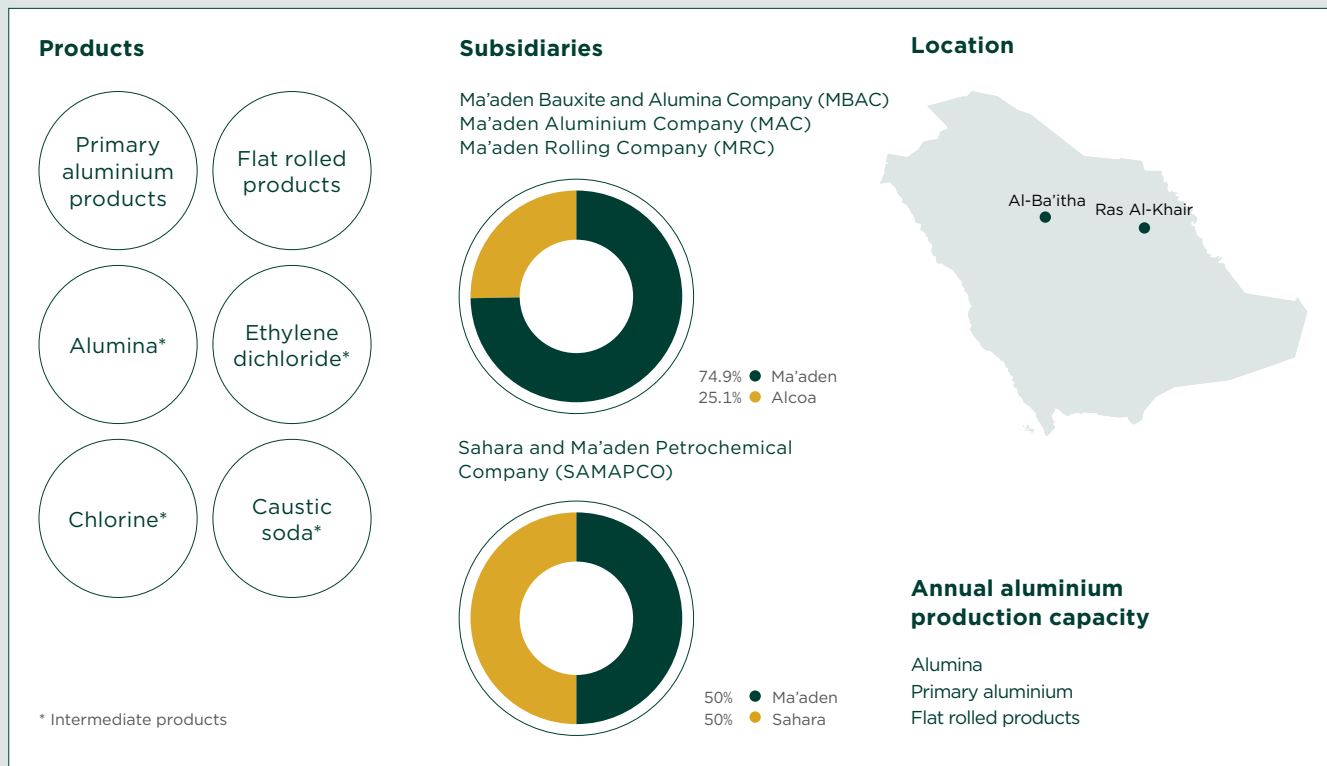
Sales KMT



Focus on excellence and competitiveness

We are focusing on excellence and strengthening our competitiveness to become the best-in-class global aluminium business.

At a glance



Aluminium journey 2008-2018

<p>2009</p> <p>Agreement signed with Saline Water Conversion Corporation (SWCC) and Saudi Electricity Company (SEC) to construct a power plant to supply power and desalinated water for Ma'aden's aluminium project (and other downstream industries in Ras Al-Khair)</p>	<p>Joint venture agreement between Ma'aden and Alcoa</p> <p>2010</p> <p>Aluminium project construction contracts awarded</p> <p>2012</p> <p>First hot metal from the smelter</p>	<p>2013</p> <p>First aluminium product shipment to local market</p> <p>Caustic soda plant at SAMAPCO</p> <p>Start-up of the rolling mill plant</p>	<p>2014</p> <p>Start of commercial operations at the Ma'aden Aluminium Company smelter</p> <p>2016</p> <p>Start of commercial operations at the bauxite mine and the alumina refinery of Ma'aden Bauxite and Alumina Company</p>	<p>2018</p> <p>Start of commercial operations at Ma'aden Rolling Mill Company.</p>
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In 2018, we continued to ramp up and optimise our aluminium value chain and expand our market base. Ma'aden Aluminium is in a strong position to achieve phenomenal growth and high profitability, with cost competitiveness and product quality making a significant impact in local and global markets.

Safety and quality

Our focus on safety and quality is helping us expand our customer base across the world. Ma'aden Aluminium Company received ISO45001 occupational health and safety management systems. Ma'aden Bauxite and Alumina Company (MBAC) has received OHSAS 18001: 2007 occupational health and safety management certification, ISO 14001: 2015 environmental management systems certification and the Responsible Care certification 14001:2015.

Operations

Ma'aden Aluminium SBU consists of the Al-Ba'itha bauxite mine and crushing facility in central Saudi Arabia and refinery and smelter in Ras Al Khair operated by the Ma'aden Bauxite and Alumina Company (MBAC), a primary aluminium production plant operated by Ma'aden Aluminium Company (MAC) and a rolling mill operated by Ma'aden Rolling Company (MRC). MRC also includes an aluminium can recycling facility.

Our integrated aluminium value chain is the largest in the Middle East and one of the largest in the world with assets of over SAR42 billion. Al-Ba'itha mine has a production capacity of 4.6 million tonnes of bauxite a year and



the plants have the capacity to produce 1.8 million tonnes of alumina, 740,000 tonnes of primary aluminium products and 460,000 tonnes of rolled products, and to recycle 130,000 tonnes of aluminium cans.

Competitiveness challenge

For Ma'aden Aluminium, retaining competitiveness in the face of raw material costs remains the most important long-term challenge. Our strategic emphasis on operational, capital and commercial excellence has enabled us to meet the competitiveness challenge to some extent.



Al-Ba'itha mine

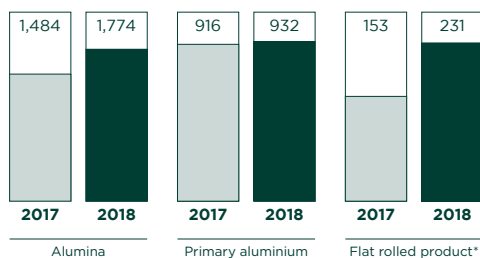
4.6million

tonnes of bauxite per year

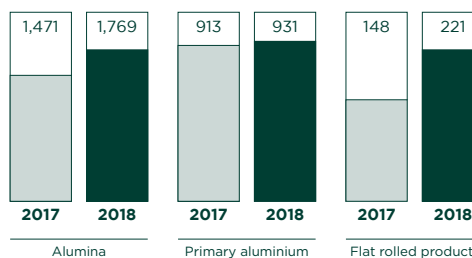
Above: The aluminium complex in Ras Al-Khair industrial city

Year-on-year production and sales

Production KMT



Sales KMT



* This includes body stock, end stock and automotive

For Ma'aden Aluminium, retaining competitiveness in the face of raw material costs remains the most important long-term challenge.

We focus on:

- sustaining and optimising our cash cost position across the value chain, including productivity and recovery improvements
- maximising throughput of our can recycling unit
- ensuring capital expenditure efficiency
- increasing amperage creep in smelter
- expanding our global marketing base
- leveraging digital technology to improve efficiency across assets.

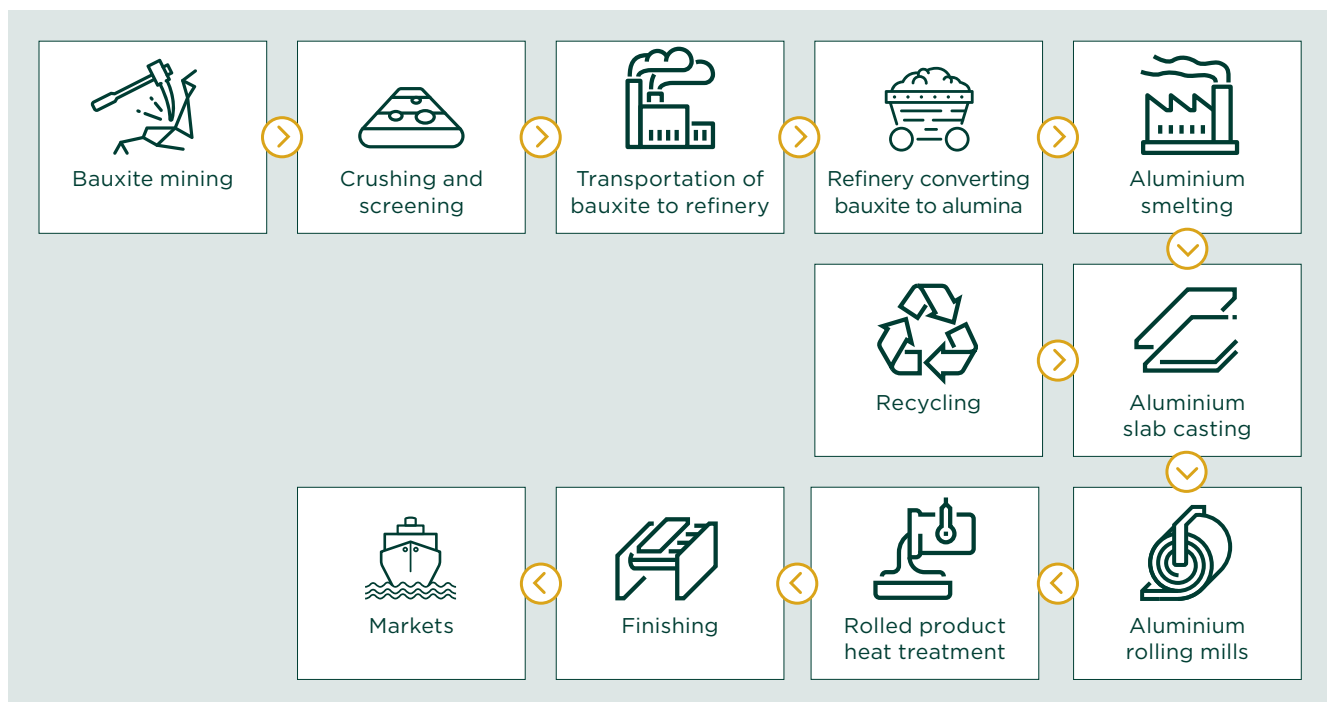
This emphasis on excellence is enabling us to optimise production and earn higher profits in the face of strong headwinds.

Market reach

Ma'aden Rolling Company's products have penetrated the North American can sheet market, qualifying across several locations with leading international can makers. In the Middle East and North Africa, we have consolidated our position as the leading supplier for the can sheet market. The majority of MENA-based can makers now rely on Ma'aden products for their can sheet requirements. We are also expanding our market base in Europe and Asia.

Our automotive sheets have been well received by a major car manufacturer for use in vehicle manufacture. Our shaped products such as standard ingot and billet have also gained a reputation for high quality, enabling us to become the supplier of choice in several highly competitive markets.

Mine to market: fully integrated value chain



Notes: Bauxite transported by trains operated by Saudi Arabian Railway Company (SAR); recycling facility takes in used aluminium cans and sends the recovered metal into the rolling mill production process.

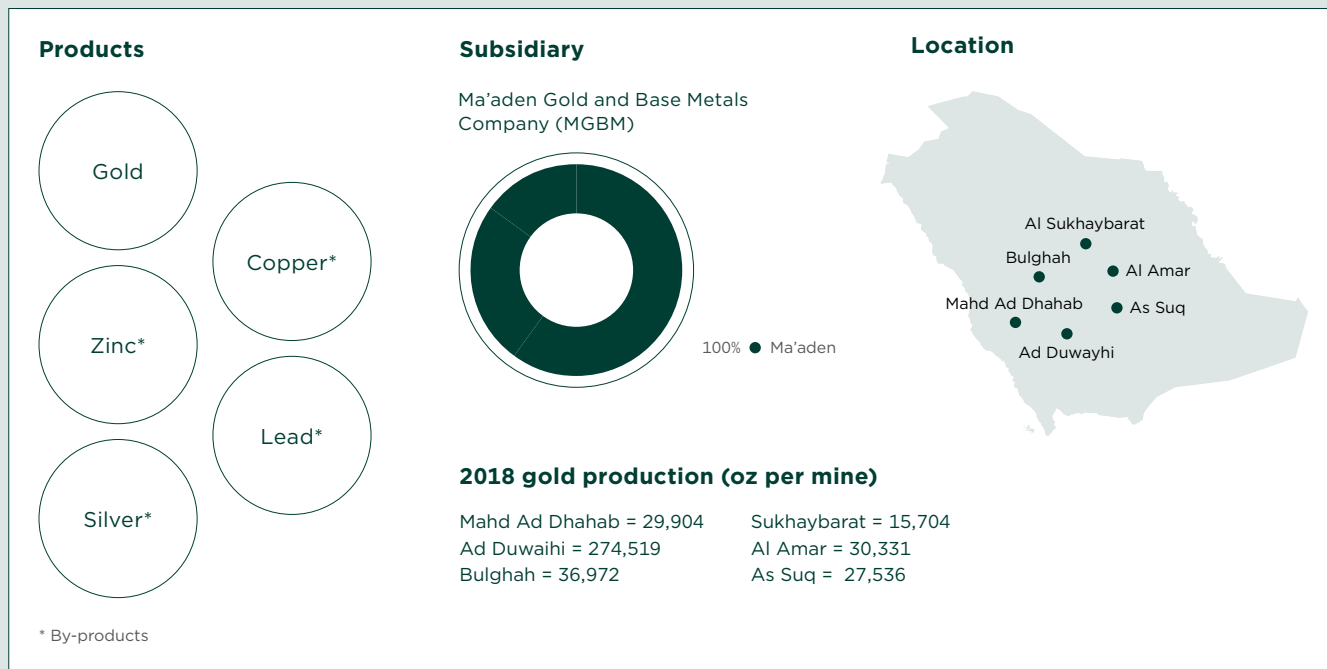
Right: Our aluminium rolling mill in Ras Al-Khair



Ad Duwayhi mine excels, plans for new projects make headway

When Ma'aden was established over 20 years ago, gold was our only product. As we complete a decade since our IPO, gold continues to be in focus with Ma'aden's 2025 strategy aiming to more than double production capacity to 1 million ounces per year.

At a glance



Gold minerals journey 2008-2018

<p>2008</p> <p>Al-Amar mine start-up</p>	<p>Awarded EPC contract for water pipeline project</p>	<p>2013</p> <p>As Suq mine start-up</p>	<p>2015</p> <p>Taif water pipeline completed</p>	<p>2017</p> <p>Ad Duwayhi mine start-up</p>
<p>2010</p> <p>Feasibility Study As Suq Gold Mine project completed</p>	<p>2012</p> <p>Feasibility Study for Ad Duwayhi project completed</p>	<p>Taif water pipeline completed</p>	<p>2016</p> <p>Mansourah Massarah bankable feasibility study completed</p>	<p>Ad Duwayhi Gold Mine awarded the Makkah award for economic excellence</p>
<p>2011</p> <p>Awarded EPC contract for As Suq Project</p>	<p>As Suq mine start-up commenced in 2012</p>	<p>2014</p> <p>Ma'aden acquires 50% of the Jabal Sayid mine</p>		<p>2018</p> <p>Board of Directors' approval of Mansourah-Massarrah project</p>



In 2018, our gold production increased by 8 percent to 415,000 ounces and the all-in sustainable cash cost on our gold operations improved by 31 per cent, to USD702 per ounce compared with 2017. With gold prices holding steady above USD1200 per ounce over the last two years and combined with higher production, the gold and base metals business unit posted record revenue of nearly SAR2 billion in 2018.

Guided by our 2025 strategy, operational excellence and cash generation remains one of our primary goals. In 2018, we saved SAR205.5 million through cash generation initiatives, which is 167 per cent higher than our target of SAR76.3 million. The strong base metals prices attributed from our by-products, copper and zinc, helped us to reduce the cash cost at our polymetallic operations, Mahd Ad Dhabab and Al Amar mines.

Unfortunately, we suffered one fatal accident at our Mahd Ad Dhahab mine

In 2018, we saved SAR205.5 million through cash generation initiatives, which is 167 per cent higher than the target of SAR76.3 million.

in the first quarter of the year. We have conducted detailed investigations into the accident and taken remedial action. Ma'aden's Board and CEO have increased their leadership roles and taken responsibility for the safety setbacks; they have pledged to build on the safety work commenced in the second half of 2017 and to develop a zero safety incident culture across the business.

Operations

Ma'aden Gold and Base Metals Company (MGBM) is our wholly owned subsidiary, which oversees the gold operations. MGBM operates six gold mines in Saudi Arabia: Ad Duwayhi, Mahd Ad Dhahab, Al Amar, Bulghah, Sukhaybarat atnd As Suq.

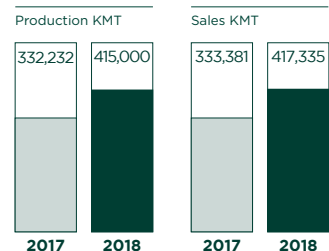


Revenue (2018)

2

SAR billion

Year-on-year production and sales (oz)



Above: Ad Duwayhi gold mine



Target

1 million

ounces per year

Production performance

The Ad Duwayhi open pit mine and plant performed well above plan in its second year of operations. The plant achieved its annual production capacity of 2 million tonnes, marking a significant improvement in performance from the previous year.

The Al-Amar underground mine achieved its target, but was impacted during the second half of the year by safety shutdowns triggered by a series of minor events. The mine has since implemented a number of measures to improve safety and is geared to perform better in 2019. Al-Amar produced bullion, zinc concentrate and copper concentrate and realised improved base metals recoveries in the plant following commissioning of the new flotation circuit. Al-Amar is rich in zinc, and a conceptual study was commenced during 2018 aimed at increasing production, reducing operating costs and significantly extending the life of the mine. This study will be completed in early 2019 and we will commission a prefeasibility study if it shows potential for further development.

The As Suq mine had a safe and strong production year with the highest gold sales since its first production in 2012. Exploration activities were able to identify further resources and extend the life of the mine.

At our Mahd Ad Dhahab mine, we are studying the potential to recapitalise this historic mine and plant to extend its operation. Following encouraging results in 2018, we have planned to strengthen the exploration activities around the mine in the coming years.

Bulghah and Sukhaybarat mines are some 70km apart and operate under a single management structure, across two processing facilities: a carbon-in-leach (CIL) plant at Sukhaybarat for high grade gold and a heap leach at Bulghah for low grade. The mining production declined in 2018 because of higher stripping ratios. We have initiated several projects to improve the performance of the mine and the plants, including a redesign of the Bulghah pit.

Mansourah-Massarrah

In pursuit of the target of 1 million ounces of gold production by 2025, MGBM plans to construct and deliver first gold from two new mines by 2023: Mansourah-Massarrah and Ar Rjum. The two projects are central to our plans to boost production capacity and develop the Kingdom's gold sector rapidly in accordance with Vision 2030. Ma'aden is planning major new investment in exploration over the next two years with the goal of discovering additional resources to help us maintain this high production level (read more in the chapter on exploration).

Below: Mahd Ad Dhahab gold mine



The bankable feasibility study for the Mansourah-Massarrah gold project was completed in 2018. Exploration has intersected very interesting gold mineralisation in subsequent drilling campaigns in nearby areas. Following a detailed contractual bid process for the EPC contract, the Board of Directors approved the project in 2018, leading to the appointment of a project management consultant in the third quarter. We estimate annual average yield of some 250,000 ounces per year and an initial mine life of 12 years with the first gold expected in 2022.

The Mansourah-Massarrah project has two main pits and will be mined as an open pit. The run-of-mine ore will be transported to a centralised processing unit, which consists of a CIL plant and a pressure-oxidation (POX) facility, the first of its kind in the gold industry in the Kingdom. The project will create over 1,000 new jobs and support local social and community development initiatives.

Ar Rjum

The Ar Rjum gold project pre-feasibility study began in the fourth quarter of 2018 and is expected to be completed by late 2019. If this study is positive, a bankable feasibility study will follow. Based on previous assessments, we estimate annual production of 160-200,000 ounces per year with a potential mine life of some 15 years. The resource will be mined using open pit methods and it is expected that a conventional gold processing facility will be constructed on site.

Both the Mansourah-Massarrah and Ar Rjum projects are accessible by relatively short access roads from the Taif highway, which connects the Taif province with Jeddah.

All our mines are signatories to the International Cyanide Management Institute (ICMI). MGBM has not suffered any cyanide-related incidents or spills since 2014. Al Amar mine earned recertification in 2018.

Our gold and base metals SBU continues to pursue the Ma'aden 2025 strategy goals related to Saudi human capital development, sustainability and local

Taif Water Pipeline: a key sustainability achievement

Ma'aden's long-term vision of infrastructure investment and sustainability is serving our growth strategy well. The Taif water pipeline, which supplies treated waste water to our mines, is an excellent example of Ma'aden integrating sustainability in our gold mining operations.

In 2016, MGBM commissioned this key infrastructure to supply bulk industrial quality water to the Central Arabian Gold Region (CAGR). The pipeline, which has been delivering bulk water to Ad Duwayhi since 2016, will also supply the Mansourah-Massarrah project.

The pipeline will be upgraded to supply bulk water to the Ar Rjum project when it begins operations. At its peak, it is estimated that the 475km long pipeline will deliver around 22,000m³ of treated water per day from the Taif municipality. Use of treated waste water for our mining operations leverages a renewable water source for the gold mining industry, further minimising the impact of mining on local ground water resources, whilst adopting a best practice approach to environmental protection.



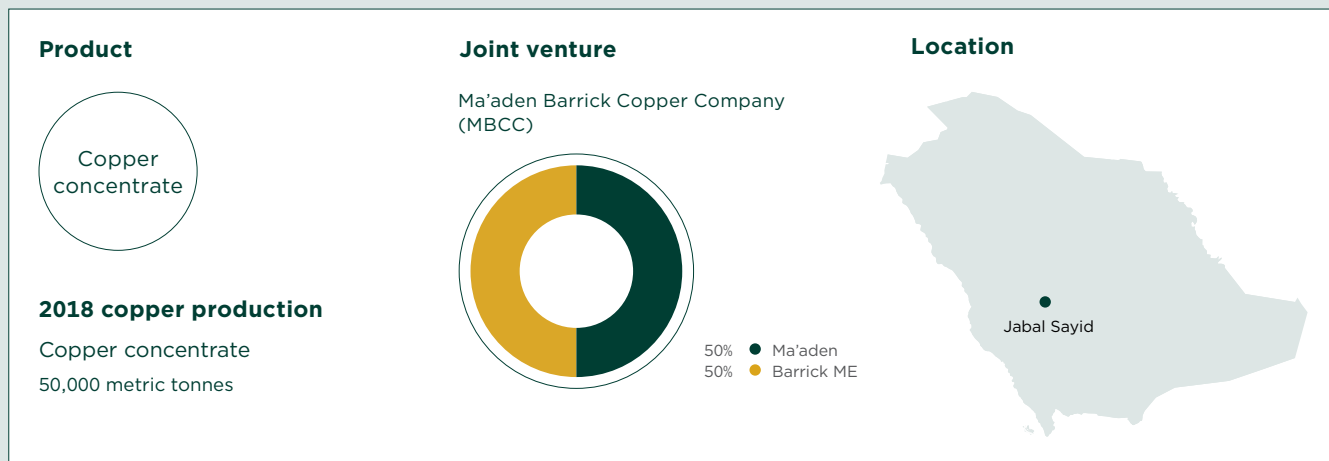
Above: Sukhaybarat

content development. In 2018, 11 Saudi staff went through Ma'aden's Professional Development Program while our operations absorbed 16 graduates of the Saudi Mining Polytechnic. We are also working closely with the corporate sustainability and local development team to strengthen the local content in our operations and community programs and supporting small and medium enterprises in the regions where we operate.

Growing reputation as a copper producer and exporter

Ma'aden Barrick Copper Company (MBCC), which manages our copper operations, is a 50-50 joint venture between Ma'aden and Barrick Middle East. Our copper mine and processing plant, located in Jabal Sayid in the central western region of Saudi Arabia, started commercial production in July 2016.

At a glance



Copper journey 2008-2018

2014	2015	2016	2017	2018
<p>Agreement with Barrick Gold Corporation of Canada to establish joint venture Ma'aden Barrick Copper Company</p>	<p>Commissioning of the Jabal Sayid mine</p> <p>First pre-commercial shipment of copper concentrate</p>	<p>Mining development was accelerated to pre-develop the mine with the aim of commencing stoping earlier</p>	<p>Construction of paste plant completed essential for the maximum safe extraction of the resource</p>	<p>2 million Lost Time injury free man hours achieved and underground infrastructure development exceeded the plan, positioning the mine well for its ramp-up to full production.</p> <p>First paste fill placed into stopes</p>



Over the past three years, Ma'aden has established a strong reputation as a local, regional and global supplier of copper concentrate. In 2018, we exported 217,334 tonnes of the product to India, China and Japan.

Higher output

The mine and plant ramp-up has gone very well, with output exceeding the targets for the year. The mine output was 1,897kt of ore against a target of 1,800kt and tonnes milled stood at 1,949kt against a target of 1,801kt. In 2018, the mine output was 15 per cent higher compared with 2017, and the mill throughput was 19 per cent higher.

Higher throughput and grade improvements helped us increase copper production from 38,587 tonnes in 2017 to 50,340 tonnes against the budgeted 45,573 tonnes.

Paste plant

We completed construction of a paste plant, an essential part of the underground copper mining cycle in 2017 and commissioned it in 2018. The magazine project for the mine – construction of which was also completed in 2017 – received approval from the Higher Commission for Industrial Security (HCIS). We

will complete adoption of the HCIS Integrated Safety and Security System in the first quarter of 2019.

With zero lost time injuries and no environmental incidents, our environment, health and safety (EHS) performance remained strong.

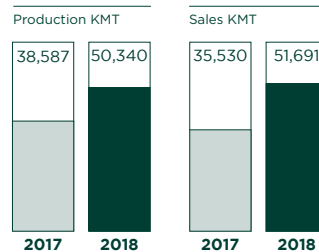
Several initiatives and capital project studies are underway to continue the ramping up of plant throughput to achieve 2.6 million tonnes by year 2020.

Goal

Several initiatives and capital project studies are underway to continue the ramping up of plant throughput to achieve 2.6 million tonnes by year 2020.

Ma'aden also produced 18,000 tonnes of zinc concentrate and 10,000 tonnes of copper concentrate as by-products from the gold mines. The zinc concentrate was shipped to Europe and copper concentrate to South America. MGBM will continue to study the potential to increase base metals production both at its fully owned mines and in cooperation with MBCC.

Year-on-year production and sales



Mine output (2018)

1,890kt

Above: Jabal Sayid copper mine





08 Governance, risk
and compliance

Safety and sustainability gain greater focus

In 2018, the Ma'aden Board of Directors took a major initiative to make safety and sustainability an integral part of corporate governance. The newly formed Safety and Sustainability Committee further enhances our corporate governance framework and the Board's oversight of operations.

Our governance, risk and compliance (GRC) framework is based on the provisions of the Saudi Companies Law, the corporate governance regulations issued by the Saudi Capital Market Authority (CMA) and Ma'aden's Articles of Association. The framework is periodically reviewed and updated to ensure that we comply with changes in the regulations and the law.

We recognise, however, that governance is not just about compliance. In strengthening Ma'aden's governance, we also draw inspiration from international best practices and the guidelines of the International Council of Mining and Metals (ICMM) and the Global Reporting Initiative (GRI) reporting framework. Our GRC initiatives are also based on internal performance assessments and the needs of our diverse and rapidly growing large-scale industrial operations.

The Ma'aden Board of Directors has consistently adopted measures to strengthen corporate governance over the past decade. The latest move by the Board to institute the Safety and Sustainability Committee is an example in point. We have great operational and administrative achievements to report for the past decade, but the Board recognises that there have been setbacks on the safety front and takes the responsibility to ensure that Ma'aden urgently moves towards a zero harm culture.

The three-member committee was formed at the Board meeting on 24 September 2018. The committee will work to ensure that Ma'aden adheres to best practices in safety and sustainability and oversee the implementation of new programmes to achieve that goal.

Ownership and structure

Ma'aden was wholly owned by the Saudi Government until 2008, when half its shares were floated on the Saudi Stock Exchange (Tadawul). In June 2018, the Kingdom's Public

Investment Fund (PIF), the largest shareholder in Ma'aden, consolidated the government's interest in Ma'aden by acquiring the shares held by two other government organisations: the General Organisation of Social Insurance (GOSI) and the Public Pension Agency (PPA). Consequently, the PIF now holds 65.44 percent of Ma'aden's issued shares and private investors hold the remaining 34.56 percent free float.

The Ma'aden Group includes three wholly owned subsidiaries, five joint venture subsidiaries and two jointly controlled entities.

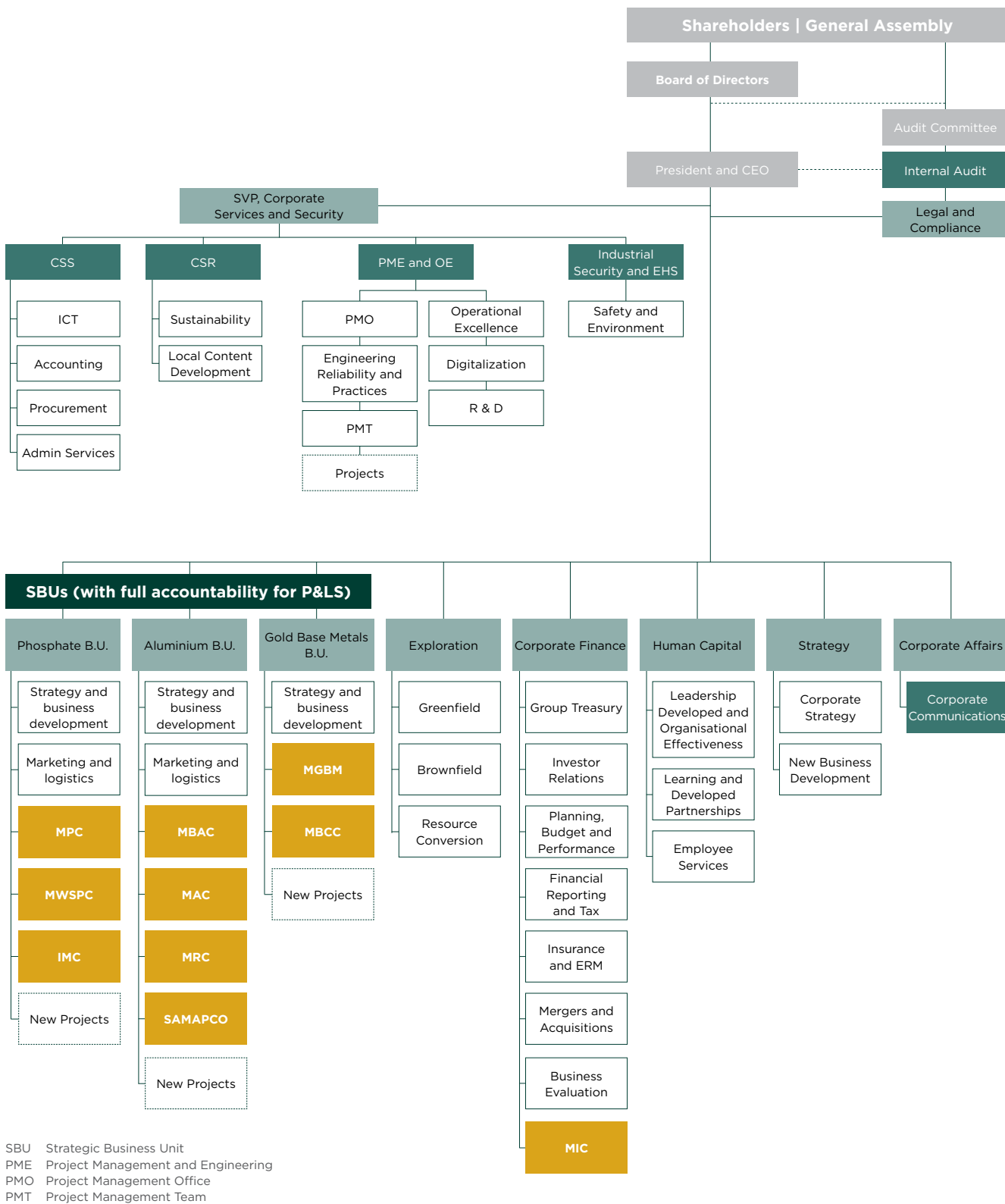
The Ma'aden Group includes three wholly owned subsidiaries, five joint venture subsidiaries and two jointly controlled entities. All of our subsidiaries except one — Ma'aden Infrastructure Company (MIC) — are engaged in mining or manufacturing operations.

The Ma'aden organisational structure (page 113) shows how our business segments and corporate functions are structured. Ma'aden Corporate is responsible for the effective management and governance of the Group. This includes the funding of subsidiaries and jointly controlled entities that carry out various projects related to all stages of the mining industry. The Group's operations and business are structured into three strategic business units (SBUs). The SBUs enjoy a high level of autonomy in business decisions, making each business unit responsible for its performance. The SBUs are:

- Phosphate and industrial minerals
- Aluminium
- Gold and base metals

MIC is responsible for the development, construction and delivery of certain infrastructure services to Ma'aden entities in the Ras Al-Khair area, principally for the phosphate and aluminium operations.

Ma'aden organisation architecture, 31 December 2018



Board of Directors' role

The Board of Directors oversees corporate governance, risk management and compliance as stipulated in the CMA's Corporate Governance Regulations and the company's Articles of Association. The Board's responsibilities include:

- the approval of strategic plans and objectives and supervision of their implementation
- the setting of performance goals and supervising the implementation of measures to achieve them
- the approval of quarterly and annual financial statements
- laying down and overseeing rules for internal control systems
- the decisions on policies and procedures to ensure compliance with the laws and regulations and the obligation to disclose material information to shareholders, creditors and other stakeholders as stipulated in Tadawul's Listing Rules.

The governance and compliance functions work in close coordination with the rest of the organisation to ensure that policies and practices are reviewed and updated continually, with the goals of communicating the latest regulatory changes and enhancing integrity and transparency.

General Assembly

The general assembly of shareholders is the platform where shareholders exercise their voting rights. Shareholder consent is given on the most important company matters through voting at the general assembly. Shareholder voting is conducted typically to approve:

- the consolidated annual financial statements
- the Board of Directors' report for the past year
- the Board of Directors' recommendations on dividend payments
- the election of Board and Audit Committee members
- amendments to the company's Articles of Association
- the appointment of external auditors
- decisions related to raising capital.

Board meetings held during the financial year ended 31 December 2018 and members' attendance

Member	1	2	3	4	5	6
	31/01/18	01/03/18	23/06/18	24/06/18	24/09/18	19/12/18
HE Eng Khalid Bin Abdulaziz Al-Falih	✓	✓	✓	✓	✓	✓
HE Sulaiman Bin Abdulrahman Al-Gwaiz	✓	✓	✓	✓	✓	✓
HE Eng Abdullah Bin Ibrahim Al-Saadon	✓	✓	✓	✓	✓	✓
HE Eng Khalid Bin Saleh Al-Mudaifer	✓	✓	✓	✓	✓	✓
Dr Klaus Kleinfeld	✓	✓	✓	✓	✓	✓
Richard O'Brien	✓	✓	✓	✓	✓	✓
Eng Abdullah Bin Mohammed Al-Issa	✓	✓	✓	✓	✓	✓
Mrs Lubna Bint Sulaiman Al-Olayan	✓	✓	✓	✓	✓	✓
Eng Azzam Bin Yasser Shalabi	✓	✓	✓	✓	✓	-

The general assembly is held in the first quarter of every year.

Extraordinary general assembly meetings are convened when necessary. Ma'aden fulfills all its obligations to shareholders as stipulated in the CMA's regulations and the company by-laws.

Board of Directors

Ma'aden's Board of Directors consists of 10 members (with one vacant seats will be filled later) appointed by the general assembly for a term of three years. The Board includes six non-executive members representing our largest shareholder and three independent members, in accordance with Ma'aden's Articles of Association.

The current Board of Directors was appointed on 22 October 2017. Its three-year tenure began on 25 October 2017 and will end on 24 October 2020.

The Board holds at least five meetings every year to review the company's progress in implementing strategic decisions, initiatives and achievements and to assess current and emerging challenges.

Board members and their status

HE Eng Khalid Bin Abdulaziz Al-Falih	Non-executive
HE Sulaiman Bin Abdulrahman Al-Gwaiz	Non-executive
HE Eng Abdullah Bin Ibrahim Al-Saadon	Non-executive
HE Eng Khalid Bin Saleh Al-Mudaifer	Non-executive
Dr Klaus Kleinfeld	Non-executive
Richard O'Brien	Non-executive
Eng Abdullah Bin Mohammed Al-Issa	Independent
Mrs Lubna Bint Sulaiman Al-Olayan	Independent
Eng Azzam Bin Yasser Shalabi	Independent

* HE Eng Khalid Al-Mudaifer resigned as President and Chief Executive Officer after his appointment as Deputy Minister of Energy, Industry and Mineral Resources for mining affairs on 3/6/2018. Accordingly, his membership has been amended from executive to non-executive.

The Extraordinary General Assembly acknowledged in its meeting held on 1/3/2018 the increase board members from 9 to 10 members and the tenth seat is still vacant to find the appropriate alternative.

Board committees

Under the corporate governance framework approved by the shareholders, the Board of Directors is empowered to form sub-committees that help the Board carry out its responsibilities more effectively. Ma'aden's Board has appointed four sub-committees:

- Audit
- Nominations and Remuneration
- Executive
- Safety and Sustainability.

Each committee has its own charter and terms of reference, indicating its scope of work, duration and powers and is required to report its activities to the Board in a timely and transparent manner.

Audit Committee

The most important tasks of the Audit Committee are:

- review Ma'aden's financial policies and procedures
- oversee the company's internal audit function to ensure that it is enabled to fulfill all the tasks assigned by the Board of Directors
- review the internal audit plan, procedures and reports and submit recommendations to the Board regarding the appointment and termination of the chartered auditors' services and determine their fees
- follow up the work of the external auditors and approve activities outside the scope of auditing assigned to them and review their audit and review report in the financial statements.

The Audit Committee charter, which identifies the committee's powers and responsibilities, is available on www.maaden.com.sa/en/investor/committees.

Members of the Audit Committee and their meeting attendance in the financial year ended 31 December 2018

Member	1	2	3	4
	29/01/18	02/05/18	25/07/18	24/10/18
HE Eng Abdullah Bin Ibrahim Al-Saadon (Chairman)	✓	✓	✓	✓
Eng Azzam Bin Yasser Shalabi	✓	✓	-	✓
Walid Bin Ibrahim Shukri	✓	✓	✓	✓
Eng Khalid Bin Hamad Al-Senani	✓	✓	✓	✓

Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee include:

- annual review and recommendations of the skills, competencies and work experience needed to strengthen the capacity of the Board
- assistance in the selection and qualification of nominees for Board membership and preparation of a long-term succession plan,
- annual verification of Independent members' credentials and to determine if there are any conflicts of interest if the member serves on the Board of another company

- review and approve all compensation (salaries, allowances, shares) for all executives (CEO, deputies and executive directors) on an annual basis
- review and approve human resources policies and procedures, administrative development programmes and plans for succession of the executive
- evaluate objectives (including key performance indicators) to be achieved within the reward and incentive programmes.

The Nominations and Remuneration Committee charter, which identifies the powers and responsibilities, is available on www.maaden.com.sa/en/investor/committees.

Members of the Nomination and Remuneration Committee and their meeting attendance in the financial year ended 31 December 2018

Member	1	2	3	4	5	6
	14/02/18	03/06/18	23/06/18	24/10/18	16/12/18	19/12/18
Eng Abdullah Bin Mohammad Al-Issa (Chairman)	✓	✓	✓	✓	✓	✓
Dr Klaus Kleinfeld	✓	✓	✓	✓	✓	✓
Mrs Lubna Bint Sulaiman Al-Olayan	✓	✓	✓	✓	✓	✓
Eng Azzam Bin Yasser Shalabi	✓	✓	✓	✓	✓	-

HE Eng Khalid Bin Abdulaziz Al-Falih participated in the third meeting

Executive Committee

The duties and responsibilities of the Executive Committee include:

- review Ma'aden's strategies, business plans and make recommendations to the Board
- review the workforce budget and operational and capital expenditure budgets
- review proposed business, operations and financial plans and provide recommendations to the Board
- review and receive all reports related to the execution and completion of projects and expansion work
- oversee and monitor the implementation of operational policies and procedures excluding those related to accounting.

The Executive Committee charter, which identifies its powers and responsibilities, is available on www.maaden.com.sa/en/investor/committees.

Members of the Executive Committee and their meeting attendance in the financial year ended 31 December 2018

Member	1	2	3	4
	14/02/18	23/04/18	02/09/18	11/11/18
HE Sulaiman Bin Abdulrahman Al-Gwaiz (Chairman)	✓	✓	✓	✓
HE Eng Abdullah Bin Ibrahim Al-Saadon	✓	✓	✓	✓
HE Eng Khalid Bin Saleh Al-Mudaifer	✓	✓	✓	✓
Dr Klaus Kleinfeld	✓	✓	✓	✓
Richard O'Brien	✓	✓	✓	✓

Eng Abdullah bin Mohammed Al-Issa participated in the second meeting

Safety and Sustainability Committee

The committee, formed at the Board meeting on 24 September 2018, held its first sitting on 29 December 2018. The main tasks of the committee are:

- assist the Board of Directors in overseeing the strategies, policies, administrative processes and company performance in the areas of environment, health, safety and security (EHSS), and reduce the losses resulting from injuries to staff and contractor employees
- provide guidance and advice to the executive management on improvements to the company's initiatives, policies and practices to ensure compliance, while strengthening the company's values in the areas of EHSS and sustainability
- review and oversee the policies and regulations related to EHSS and sustainability.

The Safety and Sustainability Committee charter explains the committee's scope of work and mandate and sets other parameters for its functioning. The charter is available on www.maaden.com.sa/en/investor/committees.

Members of the Safety and Sustainability Committee and their meeting attendance in the financial year ended 31 December 2018

Member	1
	19/12/18
Richard O'Brien (Chairman)	✓
HE Eng Abdullah Bin Ibrahim Al-Saadon	✓
HE Eng Khalid Bin Saleh Al-Mudaifer	✓

Compensation policy

We follow the compensation guidelines of the Saudi Companies Law in offering financial and other material benefits to our Board members. The regulations state that the compensation to Board and its sub-committee members may consist of a specified salary or meeting attendance fee, material benefits, a percentage of the net profits or a combination of two or more of these benefits.

The Ma'aden Board of Directors may amend the remuneration and compensations allocated for the members at any time, provided these changes are stated as per the relevant laws.

Audit committee

On 22 October 2017, the general assembly approved the charter of the Audit Committee and the compensation paid to its members:

- The member shall be paid a fee of SAR3,000 for attending a meeting.
- Annual remuneration of SAR100,000 paid for each committee member, excluding Board members, with 10 percent deducted for each failure to attend a meeting during the financial year. In case the member fails to complete one year for any reason, the amount of the remuneration shall be deducted proportionally to the number of days during the year the member was not a committee member.
- The remuneration of the committee member who serves as a Board member shall be in accordance with the provisions of the Articles of Association.

Nomination and Remuneration Committee

On 22 October 2017, the general assembly approved the Nomination and Remuneration Committee charter and the compensation paid to its members.

- The member shall be paid a fee of SAR3,000 for attending a meeting.
- Annual remuneration of SAR100,000 paid for each committee member, excluding Board members, with 10 percent deducted for each failure to attend a meeting during the financial year. In case the member fails to complete one year for any reason, the amount of the remuneration shall be deducted proportionally to the number of days during the year the member was not a committee member.
- The remuneration of the committee member who serves as a Board member shall be in accordance with the provisions of the Articles of Association.

Executive Committee

On 24 April 2010, the general assembly approved the Executive Committee charter and the compensation paid to its members:

- annual fee
- annual compensation

The Board of Directors' report to the Ordinary general assembly meeting includes a comprehensive statement of all remunerations and other amounts paid to the committee members.

The general assembly proposes the remunerations due to the Board members in accordance with the agreements and policies in force, and submits them to the Nomination and Remuneration Committee, which endorses the proposal.

The Nomination and Remuneration Committee takes into consideration remuneration according to the functions and competencies of the member and the service that he or she provided.

Executive compensation policy

Total executive compensation is linked with the company's performance, which includes a performance bonus plan that is comprised of a short-term incentive plan (STIP) and deferred long-term incentive plan (DLTIP), consisting of a maximum cap. The compensations are approved by the Nomination and Remuneration Committee.

The DLTIP is based on installments paid over three years to retain senior executives and to be funded on a long term basis.

The Human Resources department calculates the bonus based on the company's policy and submits to the Nomination and Remuneration Committee, which approves bonuses as per budget. These bonus payments are also included in the Board of Directors' report.

(Remuneration and compensation paid for financial year ending 31 December 2018 on next page)

Remunerations and compensations paid to Board members during the financial year ended 31 December 2018 (SAR)

Status of directors	Fixed remuneration			
	Chairman remuneration	Board remuneration	Committee membership allowance	Attendance allowance
Independent directors				
Abdullah Bin Mohammed Al-Issa	-	250,000	200,000	18,000
Mrs Lubna Bint Suliman Al-Olayan	-	250,000	200,000	15,000
Azzam Bin Yasser Shalabi	-	250,000	200,000	15,000
Sub-total	-	750,000	600,000	48,000
Non-executive directors				
HE Khalid Bin Abdulaziz Al-Falih	200,000	250,000	-	18,000
HE Sulaiman Bin Abdulrahman Al-Gwaiz	-	250,000	200,000	18,000
HE Abdullah Bin Ibrahim Al-Saadon	-	250,000	200,000	18,000
HE Khalid Bin Saleh Al-Mudaifer	-	250,000	200,000	18,000
Dr Klaus Kleinfeld	-	375,000	-	18,000
Richard O'Brien	-	375,000	-	18,000
Sub-total	200,000	1,750,000	600,000	108,000
Total paid to Board members	200,000	2,500,000	1,200,000	156,000
Paid to outside members of the Audit committee who are not Board members				
Khalid Bin Hamad Al-Senani	-	-	100,000	-
Walid Bin Ibrahim Shukri	-	-	100,000	-
Total paid to outside members of the Audit committee	-	-	200,000	-
Total amount paid	200,000	2,500,000	1,400,000	156,000

The Company has paid no variable remunerations comprised of: percentage share of profit, periodic remuneration, short-term incentive plans, long term incentive plans, allotment of shares, or any expense allowances to any independent or non-executive member of the Board.

Remuneration and compensation are calculated based on the policies adopted, and there are no significant variances from those policies.

Remuneration and compensation paid to the top five senior executives, including the CEO and CFO, during the financial year ended 31 December 2018 (SAR)

Fixed remuneration					
Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Share of profits
9,238,059	3,427,309	0	12,665,368	1,860,820	0

* Grand total includes end-of-service and other benefits for the former CEO.

Allowances for attending sub-committee meetings

Audit committee	Nomination and remuneration committee	Executive committee	Safety and sustainability committee	Total remuneration paid
-	18,000	3,000	-	489,000
-	18,000	-	-	483,000
9,000	15,000	-	-	489,000
9,000	51,000	3,000	-	1,461,000
-	3,000	-	-	471,000
-	-	12,000	-	480,000
12,000	-	12,000	3,000	495,000
-	-	12,000	3,000	483,000
-	18,000	12,000	-	423,000
-	-	12,000	3,000	408,000
12,000	21,000	60,000	9,000	2,760,000
21,000	72,000	63,000	9,000	4,221,000
12,000	-	-	-	112,000
12,000	-	-	-	112,000
24,000	-	-	-	224,000
45,000	72,000	63,000	9,000	4,445,000

Variable remunerations

Short term incentive plan	Long term incentive plan	Granted shares	Total	End of service benefits	Aggregated amount 2018
3,220,649	1,076,879	0	6,158,348	18,503,456	37,327,171

Profit distribution

We follow a well-defined policy on the distribution of our annual net profits based on Article 44 of Ma'aden's Articles of Association. The policy consists of five key points:

1. Ten percent of the annual net profits shall be set aside to form a statutory reserve. The General Assembly meeting may decide to discontinue this allocation when the statutory reserve reaches 30 percent of the paid-up share capital.
2. The General Assembly meeting may, based on a proposal by the Board of Directors, set aside a percentage of the annual profits to be allocated towards one or more specific purposes.
3. The General Assembly meeting may, based on a proposal by the Board, decide to form additional reserves, to serve the interest of the company, or to ensure the distribution of as steady dividends as possible to the shareholders. The general assembly of shareholders, based on a proposal by the Board, may also allocate from the net profits certain amounts to establish social organisations for the company's employees or to support such organisations that may already be in existence.
4. Subject to the provisions stipulated in Article (20) of the Ma'aden's Articles of Association and Article (76) of the Companies Law, the compensation for Board members should not exceed 10 percent of the net profits after deducting reserves established by the general assembly and after the distribution of a dividend to shareholders of at least 5 percent of the company's paid-up capital. The entitlement to the compensation shall be proportional to the number of meetings attended by the member.
5. The general assembly may, upon a proposal of the Board of Directors, decide to distribute the remaining amount (if any) to the shareholders as an additional share of the profits.

Ma'aden may distribute interim dividends to the shareholders on a semi-annual or quarterly basis to its shareholders in accordance with the CMA's guidelines.

The Board of Directors, at a meeting held on 24 January 2019, has recommended to the general assembly not to distribute dividends for the financial year ended 31 December 2018 to enable Ma'aden to complete the projects that are being implemented under its 2025 strategy.

General Assembly agenda

The Board of Directors of Ma'aden makes the following recommendations to the ordinary general assembly meeting to be held on 3 March 2019:

- Vote to approve the Consolidated Financial Statements for the year ended on 31 December 2018.
- Vote to approve the External Auditor's report for the year ended 31 December 2018.
- Vote to approve the Board of Directors report for the year ended 31 December 2018.
- Vote to approve the Board of Directors recommendation not to distribute dividends for the year ended 31 December 2018.
- Approve the remuneration of the Board of Directors members for the year ended 31 December 2018.
- Vote on the discharge of Board of Directors members from liabilities for their activities during the financial year ended 31 December 2018.
- Amendment of Article 16 of the Articles of Association of the Company, stipulating that the Board of Directors shall be composed of 10 members appointed by the Ordinary General Assembly for a period of three years, including the CEO of the company.

Board's declaration

The Board of Directors declares that:

- proper books of account have been maintained,
- the system of internal control is sound in design and has been effectively implemented and
- there are no significant doubts concerning Ma'aden's ability to continue its activity.

Management declaration

- There are no shares or debt instruments issued by the affiliates except as referenced in Ma'aden's consolidated financial statements included in this annual report.
- Except the members of the Board of Directors, senior executives and their relatives, no person notified the company of any class of voting shares as stipulated in Article 45 of the Listing Rules issued by the CMA.
- Ma'aden did not issue or grant any convertible debt instruments, contractual securities, warrants or similar rights during the financial year.
- Ma'aden did not issue or grant any conversion or subscription rights under any convertible debt instruments, contractual securities, warrants or similar rights.

- Ma'aden and its subsidiaries did not make any redemption, purchase or cancellation of any redeemable debt instruments.
- Ma'aden did not conduct any material businesses or transactions with related parties in violation of its Articles of Association, the Companies Law, the Capital Market Law and related regulations. Ma'aden did not enter into any business or contract in which a Director of Ma'aden, the CEO, the CFO or any person related to any of them had any interest. We have disclosed the non-Ma'aden Board memberships of all our directors as part of their profiles in the Leadership section of this annual report.
- None of the Board members or senior executives of Ma'aden has made any waiver of any salary or remuneration.
- None of the shareholders has waived any rights to a share in the profits.
- The external auditor's report did not include any reservations on the consolidated annual financial statements, and the external auditors did not carry out any other professional services outside the scope of the normal audit except for zakat and income tax, which do not affect the principle of independence and objectivity according to the approved Saudi standards.
- The Board of Directors did not recommend premature replacement of the external auditor.
- Ma'aden did not incur any material penalty from any authority or supervisory or regulatory or judicial body in 2017. However, on 18 December 2017, Ma'aden reached a settlement with the General Authority for Zakat and Tax (GAZT) to pay SAR11,681,400 in accumulated additional tax payments for the period 2004-2013. This decision is under appeal.

Accounting policy

The first set of IFRS consolidated financial statements of the Group for the financial year ended 31 December 2017 and the standalone financial statements for each of the legal entities in the Group have been prepared in full compliance with IFRS and the guidelines issued by SOCPA.

All of these financial statements were audited in accordance with International Standards on Auditing (ISA) and a clean audit opinion was issued for each of them by external auditors, indicating full compliance with IFRS.

New IFRS standards such as IFRS 9 and 15 have been implemented with effect from 1 January 2018. No material inconsistencies exist as a result of the adoption of IFRS as endorsed in the Kingdom of Saudi Arabia.

Internal audit

Internal audit maintained its independence and objectivity that are essential to carry out its assurance and consulting activities over a wide range of key business processes. Internal audit aims to continually make improvements in internal control systems, risk management and governance processes by applying a systematic, disciplined and risk-based audit approach, in line with the international professional practices and standards of internal audit.

The Chief Audit Executive periodically assesses whether the mandate set forth in internal audit's charter is leading to the accomplishment of the company's assurance objectives. Internal audit's broad coverage of business processes is core to its value proposition and comprises the following key elements:

Internal Audit Value proposition

Assurance on governance, risk management and control processes

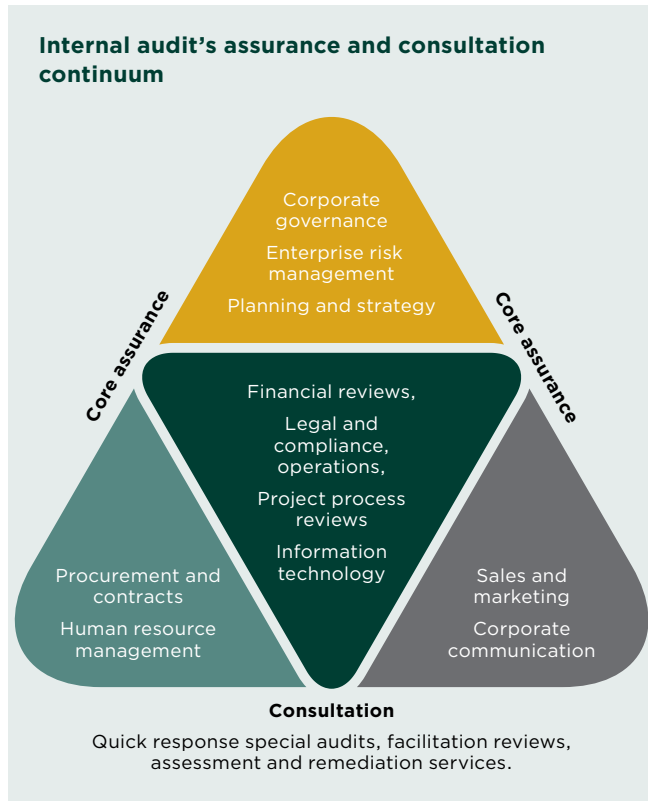
Catalyst for improving performance through analysis and assessment of data and business processes

Independent source of advice on integrity and accountability

The primary assurance objectives of our internal audit function are:

- to assess the overall governance environment, compliance with the CMA's corporate governance regulations and benchmark with leading governance practices and identify opportunities for improvements
- to assess the overall effectiveness and maturity of the enterprise risk management processes
- to provide assurance over adequacy of EHSS management systems
- to evaluate the internal control systems established to ensure compliance with laws and regulations, the company's bylaws, policies and procedures
- to provide assurance over the reliability and integrity of disclosures of financial information
- to evaluate the adequacy of controls for the safeguarding of assets and to ensure their effectiveness on an annual basis
- to assess and ensure that all operations are moving in line with the strategic aspirations of the company
- to facilitate statutory and regulatory audit requirements
- to follow-up with management on the implementation of corrective actions in response to audit findings for improvement of internal control effectiveness.

Role of internal audit



Internal audit reported its assessment of internal controls on a quarterly basis to the Audit Committee and achieved target completion of the audit plan.

Based on our performance in 2018 and consistent with the understanding of internal control systems deployed in Ma'aden, the internal audit function believes that Ma'aden has effective systems of internal controls. The risk exposures and internal control issues highlighted to the Audit Committee during the year are not considered to be significant enough to materially impact on company's operations or its ability to implement 2025 strategy.

Ethics and compliance

Ethics and compliance continue to play a major role in the success of our corporate governance practices. We continually work to identify, evaluate, control and monitor compliance risks and adopt appropriate control measures and remedial actions.

Local and global regulations and guidelines have undergone changes in 2018 that have an impact on Ma'aden's business. We ensure that mechanisms are in place to enable Ma'aden to comply with the changes. In 2018, we focused on the anti-harassment law, bankruptcy law and the changes made to the Companies Law in Saudi Arabia.

Recent initiatives, including the Ma'aden independent whistleblower hotline, enhanced due diligence reports and the compliance page on Ma'aden website have strengthened the controls surrounding compliance while reducing the related risk exposure.

Having automated the annual ethics declaration system, we have attained 100 percent staff participation, an industry-leading achievement, for two years running. Automation has made the declaration process easier by enabling staff to systematically declare their compliance with the key elements of our code of conduct, anti-corruption and conflict of interest policies.

Face-to-face training and e-learning during the year covered Ma'aden's values, code of conduct and anti-corruption policies. We have conducted 101 awareness sessions on Ma'aden's values and code of conduct, which were attended by 3,433 employees.

We continue reviewing, developing and drafting Ma'aden's policies to ensure that they address ethics and compliance risks and current regulations.

Investor Relations

Ma'aden Investor Relations (IR) provides the investment community with an accurate portrayal of the company's performance and its future plans and prospects. IR functions as an effective communication channel between Ma'aden's Board of Directors and executive management and the investor community and market analysts.

Our IR policy and programmes are designed to ensure that we comply with all our disclosure obligations as stipulated by the listing rules and guidelines of the CMA. As a company that values investor rights and concerns, we are committed to be transparent in our approach to shareholders, employees, partners and external stakeholders interested in Ma'aden's performance.

Our policy is to proactively communicate with the market and inform our stakeholders of all key developments that may have an impact on the business. In addition to relying on our website and Tadawul's platform to share information, we hold periodic dialogues to enable the most effective two-way communication between the company and the financial community and advise the company's senior management about market perceptions.

Our activities thus help investors in determining our stock's fair value, reduce market volatility and sustain the long-term credibility of the company, its operations and business plans.

Shareholders vote on major decisions through a system of electronic voting, either through Tadawul website or at the general assembly. Investor Relations ensures that the votes are aggregated and conveyed to the Board of Directors.

Risk management

Decade of improvements

Our enterprise risk management approach has gone through a major shift over the past decade. We have achieved considerable progress in transitioning from an isolated project-based risk approach to assessing risks under a more consistent group-wide framework. This has led to the development of more detailed risk registers following a common approach with a focus on impact, likelihood and risk treatments. We have also taken the step of establishing risk appetites and tolerances for group companies to enable better decision-making around risks.

This groundwork has laid the foundations for improving our risk reporting quality and enabling better quantification of risk. Looking to the future, the bringing together of appetite, tolerance and improved quantification leaves us in a stronger position to adopt risk-based decision-making practices across the group.

Main risks facing Ma'aden

Ma'aden reviews and assesses risk in line with the ISO31000 framework. It uses both top-down and bottom-up approaches to identifying risk. In this section we describe the principal risks that we have identified and our efforts to mitigate them. There can be no assurance that these efforts will be successful in mitigating these risks, wholly or partly. The risks we list here are the principal risks and there are numerous other risks which could have a material adverse effect on Ma'aden's financial condition and operating results.

Commodity price fluctuations

Ma'aden cannot control the market prices for its products and significant shifts in commodity prices will directly affect revenues. This effect can be positive during times of rising commodity prices or negative when commodity prices fall, leading to a significant impact on profitability and cash flows.

Ma'aden generally does not hedge its market price exposure and instead seeks to mitigate this risk by leveraging its capability as a low cost producer. In times of surplus supply and declining prices higher cost marginal players will tend to be driven out of the market whilst the lower cost producers are better positioned to continue producing with a positive cash margin.

Cyber security

Ma'aden may be vulnerable to ongoing cyber attacks just as any other business anywhere in the world. These can vary from simple attacks and phishing exercises to more complex attacks. These attacks could threaten the integrity of our intellectual property and other sensitive information and disrupt our business operations. This could result in physical damage,

reputational harm, seeking of ransom payments and other negative consequences which could have a material adverse effect on our financial condition and results of operations.

This is a constantly evolving area of risk. Ma'aden has extensive safeguards, firewalls and other defences built into its systems. We also use third party cyber security companies to assist with protecting and securing our information technology environment. Ma'aden constantly reviews cyber threats, looking for opportunities to enhance its cyber security.

Projects

Identification of new projects, their development and execution on time, on budget and on specification is another area of risk. Ineffective development and execution of key projects can compromise the capital expenditure budgets and schedule. This would consequently affect the Company's profitability, growth prospects, reputation and overall financial health.

Development and investment decisions in respect of new projects are made using a 'stage gate' system to ensure that new projects properly account for the costs, risks and expected returns on investment. During execution, project managers, including third party expert companies, are used to manage progress to ensure project completion on budget and schedule. This includes providing monthly completion reports and capital expenditure reports to the management to monitor progress, identify slippage and propose remedial action.

Railway services

Ma'aden is reliant on the services provided by Saudi Arabian Railways (SAR) for efficient and cost-effective transportation of raw materials, ore and intermediate products between its principal operating sites. An inability to move materials could result in the need to reduce or cease operations at certain facilities until supplies could be restarted. This would lead to a negative impact on the Group's profitability and cash flows.

Should SAR fail to meet our volume demand, Ma'aden will rely on transportation by trucks. This would entail a higher cost, may not be able to meet full volume requirements and may not be suitable for certain materials.

Power interruption

Any significant power outage at our aluminium smelter due to equipment failure, issues with the connections to the Saline Water Conversion Corporation (SWCC) power plant or SEC grid or any other cause would have a material adverse effect on our operations and business results.

To mitigate this risk SWCC maintains a generating capacity significantly in excess of Ma'aden's needs. Ma'aden also maintains access to the Saudi Arabian power grid that can be activated in case of interruptions or shortfall in the SWCC plant supply.

Feedstock availability and prices

Limits on the availability or the higher cost of key feedstock, including natural gas, sulphur, diesel and other fuel would have a negative impact on operations, profitability and cash flows.

Ma'aden depends on Saudi Aramco for the supply of natural gas, sulphur, diesel and other fuel. The natural gas is supplied from a reliable grid but in the event of an outage at Saudi Aramco there could be a shortage of supply.

Sulphur is readily available in Saudi Arabia from a number of Saudi Aramco facilities. Sulphur supplies to MWSPC are reliant on access to the rail network ('railway services' risk above). To mitigate this MWSPC maintains an option to supply by road. The supply of gas, sulphur and diesel are agreed to with Saudi Aramco but pricing may change as a result of market fluctuations or changes in the government's energy policy.

EHSS

Mining, metal and fertiliser production have inherent environment, health, safety and security (EHSS) risks that could result in serious personal injuries, casualties, operational disruptions and other operational and financial losses.

Ma'aden seeks to mitigate these risks through an integrated EHSS system at all locations using internationally recognised standards, policies and procedures. We have a system of Group-wide monthly EHSS reporting and all incidents are reviewed with the goal of drawing lessons and preventing recurrence.

Liquidity

Ma'aden's ability to meet its operating costs and make scheduled payments of the principal and commission on its debts depends on the future performance of the Company. This is subject to economic, financial, competitive and other factors not fully under its control. We may not continue to generate sufficient cash flow from operations in the future to service the debt and make necessary capital expenditures.

In order to enhance liquidity, Ma'aden has centralised treasury functions to optimise the use of cash generated by the businesses. In addition, Ma'aden has access to a significant revolving line of credit in order to meet short term cash needs if required.

Cost of funding

Cost of funding has been at historic lows in recent years. There can be no assurance that this situation will continue. Any increase in funding costs would have a negative impact on our profitability and cash flows.

Ma'aden seeks to ensure that its debt facilities are of an appropriate size and structure for the business and regularly monitors changes in the costs of funding. We may also seek to increase the portion of our debt that is at a fixed cost including potentially entering into derivative transactions to hedge floating rate exposures if we conclude that it is appropriate.

Environmental incidents

Exploration, mining and operational activities are subject to various environmental regulations administered by the Royal Commission for Jubail and Yanbu and the Presidency of Meteorology and Environment (PME). These concern the maintenance of air and water quality standards and land reclamation rules. They also set out limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Environmental legislation may change resulting in stricter standards and enforcement. This could result in increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for Ma'aden, its management and employees.

Ma'aden's EHSS department monitors both our operations' compliance with EHSS standards and environmental regulations.

Capabilities and skills shortage

The availability of skilled manpower remains one of the key long-term challenges of Ma'aden, considering that the country does not have a work force specially trained in mining-related vocations. Our ability to attract, develop and retain top talent is key to addressing future succession challenges.

Ma'aden has been working closely with the country's education and training institutions to attract and develop young Saudi nationals for future roles in the industry. Through Ma'aden's Academy, we have been focusing on in-house talent development and training to develop staff and prepare them for leadership roles.

Changes in laws and regulations

Our operational results or financial position could be adversely affected by new or more stringent laws, regulatory requirements, interpretations or outcomes of any significant legal proceedings that may occur in the future. Ma'aden actively monitors actual and potential changes in the laws and regulations so that we can address and manage the impact of those changes.

Exploration licences

Ma'aden is reliant on acquiring and maintaining exploration licences in order to replenish its ore reserves and mineral resources and meet future growth plans. Failure to meet commitments on existing licences could result in their suspension or revocation. Additional competition in the mining sector within Saudi Arabia could result in challenges to acquire fresh acreage at an economic price.

Ma'aden periodically reviews its commitment requirements and has applied for new licences in order to sustain exploration activities to support business growth. Alternative strategies such as acquisitions can also be employed to mitigate any potential shortfall.

Water supplies

Water is a scarce resource in Saudi Arabia with many competing uses. Mining requires access to reliable sources of water in order to process the minerals that are extracted. Any limitation in the supply of water or increased cost to Ma'aden for water supplied will have an adverse impact on production and costs.

Ma'aden has invested in a water pipeline to reuse waste water for some of its gold mining operations and has extraction licenses for wellfields near its northern operations. Ras Al- Khair plants are located next to a world scale desalination plant.

Grade erosion and depletion

During the life of a mine the quality (grade) of the ore can vary substantially while the extraction cost can increase if there is a higher amount of overburden to remove. Until the ore is actually mined the exact grade of the ore is not known and it may vary from the original mining plan. This can result in lower amounts of recovery at a higher cost, affecting the overall profitability of the mine and the downstream processing operations.

Ma'aden conducts extensive pre-mining testing and sampling of the ore body to determine the likely nature and disposition of the ore throughout the projected life of the mine and generally estimates its reserves in line with the standards of Joint Ore Reserve Code (JORC).

Social licence to operate

Saudi Arabia is a sparsely populated country and our mines are mostly located away from large centres of population. However, there are communities around our mines and plants and it is important for Ma'aden to secure the consent and support of local communities. Though there are no risks of displacement with current projects and those under consideration, local communities may be affected by the presence of our industrial operations, triggering complaints from them.

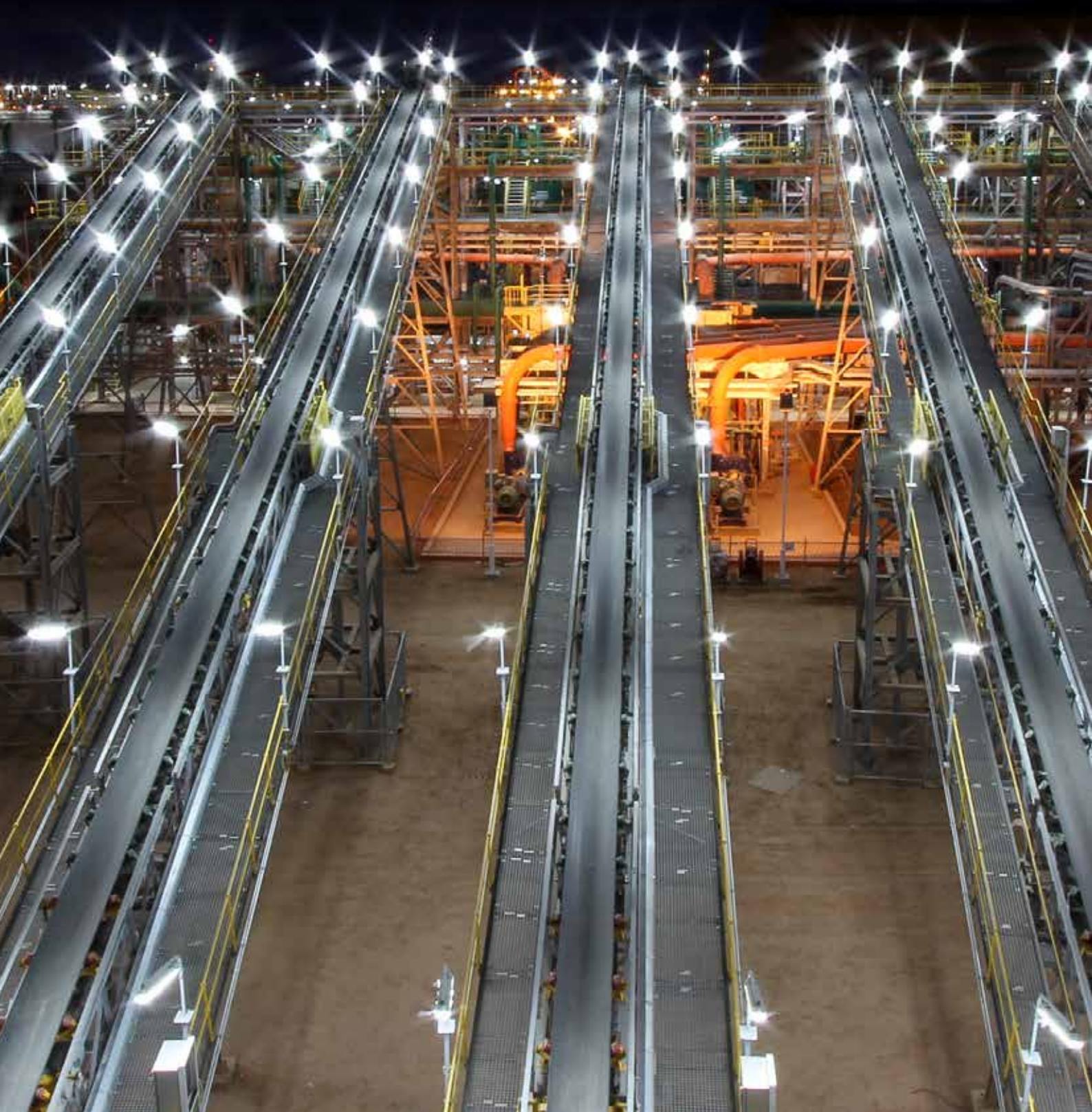
Ma'aden maintains strong and positive relationships with local communities. Our subsidiaries have adopted a number of social responsibility programmes that focus mainly on education and employment, community development and empowering local people in different ways.

Currency fluctuations

Ma'aden's domestic costs are primarily denominated in Saudi riyals (SAR) with the majority of its capital machinery denominated in US dollars (USD). As the exchange rate of SAR and USD is fixed, there is little exposure as the majority of our sales are also conducted in USD. The currency is pegged at SAR3.75: USD1. Therefore, the Group is not exposed to any risk from USD-denominated financial instruments.



09 Consolidated financial statements



Chief financial officer's statement

Higher prices and increased production delivered record achievements

We are celebrating a year of record all-round achievements in 2018, led by a 186 percent increase in net profit, 17 percent increase in sales, 23 percent increase in EBITDA and 3 percent increase in assets.

There is no doubt that higher commodity prices were a key factor driving this strong performance, but our continued emphasis on operational, capital and commercial excellence also contributed significantly.

The growth in production is a good example of how excellence is leading to better results. The increase in output achieved by our core industries -- ammonia phosphate fertiliser, ammonia, aluminium and gold -- is attributed to newly commissioned plants and the enhanced performance of existing assets. Our success in achieving such enhancements throughout the Group is a key underlying message in the past year's financial results.

Commodity prices

Commodity prices in 2018 were reasonably strong in comparison with recent years. However, they cannot be described as extremely bullish and we will continue to consider the outlook for 2019 uncertain from that perspective. The past year's performance shows that even a modest improvement in the price situation delivers vastly improved financial performance for Ma'aden.

The outlook for 2019 is uncertain primarily because of the global economic outlook. Growth seems to be faltering in a number of key markets and we need to bear in mind that some of our commodities, particularly aluminium and copper, are particularly vulnerable to slowdowns in economic activity. However, this does not deter us from investing in further growth opportunities envisaged under our 2025 strategy.



Ali Saeed Al-Qahtani
Chief Financial Officer

EBITDA

Markets in 2018 were consistently higher compared with 2017, but our analysis shows that there was considerable volatility in the second and third quarters, particularly in alumina, while the first and fourth quarters were stable. Our EBITDA margins fell when prices dropped, underlining our leverage to commodity markets.

Nevertheless, we believe that our performance of 51 percent EBITDA margin is very strong for a commodity company. The composition of our EBITDA shows that Ma'aden's multi-commodity status is well balanced to address market volatilities to some extent. Phosphate contributes 44 percent, aluminium 43 percent and gold 13 percent of the EBITDA.

Cash and debt

Our debt-to-capital ratio came down in 2018 from 2017. Long-term borrowing increased in 2018 mainly because of our SAR2.2 billion debt agreement with Saudi Industrial Development Fund (SIDF) for Wa'ad Al-Shamal. We have received the fund in November 2018. We expect our quarterly repayments to peak by 2025 and decline from then until 2031.

Depreciation and finance cost, particularly from Wa'ad Al-Shamal which is a very large investment, will have an impact on earnings in 2019.

The data tables presented over the following pages provide more detailed and comprehensive information about our financial performance in 2018.

The outlook for 2019 is uncertain primarily because of the global economic outlook. Growth seems to be faltering in a number of key markets and we need to bear in mind that some of our commodities, particularly aluminium and copper, are particularly vulnerable to slowdowns in economic activity

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018

(in SAR millions)	Explanatory notes	2018	2017	Variance	y-o-y %
Sales	1	14,171	12,086	2,085	17
Cost of sales	2	(9,069)	(8,152)	(917)	11
Gross profit		5,102	3,934	1,168	30
Operating expenses					
Selling, marketing and logistic expenses	3	(566)	(531)	(35)	7
General and administrative expenses	4	(463)	(382)	(81)	21
Exploration and technical services expenses	5	(95)	(62)	(33)	53
Reversal / (impairment) of non-current assets, net	6	46	(522)	568	(109)
Operating profit		4,024	2,437	1,587	65
Other income / (expenses)					
Income from time deposits	7	124	77	47	61
Finance cost	8	(1,753)	(1,616)	(137)	8
Other (expenses) / income, net	9	(3)	(66)	63	(95)
Share in net profit of joint venture that have been equity accounted	10	143	101	42	42
Profit before zakat and income tax		2,535	933	1,602	172
Income tax		(73)	(57)	(16)	28
Zakat expense		(216)	(92)	(124)	135
Profit for the year		2,246	784	1,462	186
Other comprehensive (loss) / income					
Items that may be reclassified to profit or loss in subsequent years					
Cash flow hedge – effective portion of changes in fair value		(27)	-	(27)	100
Items that will not be reclassified to profit or loss in subsequent years					
(Loss) / gain attributable to the re-measurements of employees' end of service termination benefits obligation		(24)	46	(70)	(152)
Other comprehensive (loss) / income for the year		(51)	46	(97)	(211)
Total comprehensive income for the year		2,195	830	1,365	164
Profit for the year is attributable to:					
Ordinary shareholders of the parent company		1,848	715	1,133	158
Non-controlling interest's share of current year's profit in subsidiaries		398	69	329	477
Profit for the year		2,246	784	1,462	186
Basic and diluted earnings per share (SAR)					
Weighted average number of ordinary shares in issue during the year (in millions)	11	1.58	0.61	0.97	159
		1,168	1,168	-	-
Gross profit percentage		36%	33%	-	-
EBIT		3,977	2,959	1,018	34
EBIT margin		28%	24%	-	-
EBITDA	12	7,170	5,808	1,362	23
EBITDA margin		51%	48%	-	-
Profit percentage		16%	6%	-	-

The table above discloses the movement on a year-on-year (y-o-y) basis and only those movements that are significant in monetary terms are being analysed and discussed in the corresponding explanatory note.

1. Sales

Components of sales

(In SAR millions)	2018	%	2017	%	Variance	y-o-y %
Phosphate and industrial minerals						
Ammonia phosphate fertiliser	4,776	34	3,631	30	1,145	32
Ammonia	1,603	11	1,720	14	(117)	(7)
Industrial minerals	146	1	110	1	36	33
Sub total	6,525	46	5,461	45	1,064	19
Aluminium						
Primary Aluminium products	4,953	35	4,991	41	(38)	(1)
Alumina	537	4	40	1	497	1,276
Flat rolled products	178	1	-	-	178	100
Sub total	5,668	40	5,031	42	637	13
Precious and base metals						
Gold	1,976	14	1,593	13	383	24
Infrastructure	2	-	1	-	1	100
Total sales	14,171	100	12,086	100	2,085	17

The total consolidated sales revenue increased in 2018 by SAR2,085 million (17 per cent) driven mainly by the effect of the increase in average realised prices of all products except gold amounting to SAR1,472 million and also the effect of the increase in sales volume of all products except ammonia and aluminium amounting to SAR613 million.

Following is the product wise analysis of the price and volume impact on Group's sales:

- increase in average realized prices of aluminium (USD189/mt), alumina (USD116/mt), ammonia phosphate fertiliser (USD62/mt) and ammonia (USD41/mt)
- increase in sales volume of alumina (280 Kmt), ammonia phosphate fertiliser (318 Kmt), gold (84 Koz) and flat rolled products (17 Kmt)

Partially offset by a decrease:

- in average realised prices of gold (USD12/oz)
- decrease in sales volume of aluminium (60 Kmt) and ammonia (310 Kmt)

Geographical breakdown between international and domestic sales

	2018		2017	
	SAR (millions)	Quantity (thousands)	SAR (millions)	Quantity (thousands)
International sales				
Ammonia phosphate fertiliser (tonne)	4,776	3,126	3,631	2,808
Ammonia (tonne)	1,603	1,350	1,720	1,660
Industrial minerals (tonne)	103	61	64	54
Sub-total	6,482	4,537	5,412	4,522
Aluminium (tonne)	4,188	501	4,379	576
Alumina (tonne)	537	311	39	30
Flat rolled products (tonne)	154	15	-	-
Sub-total	4,879	827	4,418	606
Gold (ounces)	1,976	417	1,593	333
Sub-total	13,337	-	11,426	-
Domestic sales				
Industrial minerals (tonne)	43	308	46	381
Aluminium (tonne)	765	92	612	77
Alumina (tonne)	-	-	1	0.5
Flat rolled products (tonne)	24	2	-	-
Infrastructure	2	-	1	-
Sub-total	834	-	660	-
Total sales	14,171	-	12,086	-

Phosphate and industrial minerals

Ammonium phosphate fertiliser sales

Ammonia phosphate fertiliser sales representing 34 percent of the total consolidated sales for 2018 increased by 32 percent (SAR1,145 million) due an increase in average realised price by USD62/mt (price effect of SAR700 million) and also an increase volume sold by 318 Kmt (volume effect of SAR445 million). The increase in volume sold is partially due to the commencement of commercial production and sales of ammonia phosphate fertiliser in MWSPC on 2 December 2018 (volume effect of SAR177 million for one month commercial sales).

Ammonia sales

Ammonia sales representing 11 percent of the total consolidated sales for 2018 decreased by 7 percent (SAR117 million) due to decrease in quantity sold by 310 Kmt (volume effect of SAR320 million) resulting from the commencement of commercial production and sales of ammonia phosphate fertiliser in MWSPC on 2 December 2018, however, the effect of decrease in volume sold is partially offset by an increase in average realised prices by USD41/mt (price effect of SAR203 million).

Industrial minerals sales

Industrial mineral sales increased during the year by SAR36 million due to the effect of an increase in average realised prices of SAR31 million and also the effect of an increase in volume sold of SAR5 million.

Aluminium

Primary aluminium sales

Primary aluminium sales representing 35 percent of the total consolidated sales for 2018 slightly decreased (SAR38 million) due to the decrease in volume sold by 60 Kmt (volume effect of SAR457 million) partially offset by an increase in average realised price by USD189/mt (price effect of SAR419 million).

Alumina sales

Alumina sales increased during the year by SAR498 million due to an increase in volume sold by 280 Kmt (volume effect of SAR362 million) and also an increase in average realised price by USD116/mt (price effect of SAR136 million).

Flat rolled products sales

Consolidated sales for the Group increased by SAR178 million during 2018 resulting from the commencement of commercial production and sales of flat rolled products by MRC on 9 December 2018.

SAR (millions)	Variance		Quantity (thousands)	%	Countries
	y-o-y	%			
1,145	32		318	11	Indian subcontinent, Brazil, Asia-Pacific, MENA, Australia and Latin America
(117)	(7)		(310)	(19)	Indian subcontinent and Asia-Pacific
39	61		7	13	Indian subcontinent, Asia-Pacific, Egypt, MENA, Europe, United Kingdom and North America
1,067	20		15		
(191)	(4)		(75)	(13)	Indian subcontinent, Asia-Pacific, Brazil, GCC, MENA, Turkey, Lebanon, Egypt, Jordan, Vietnam, Europe, United Kingdom and North America
498	1,277		281	937	GCC
154	100		15	100	Asia-pacific, GCC, MENA, Vietnam, Egypt, Australia, Europe, United Kingdom and North America
461	10		221		
383	24		84	25	Switzerland, Singapore
1,911	17				
(3)	(7)		(73)	(19)	KSA
153	25		15	19	KSA
(1)	(100)		(1)	(100)	KSA
24	100		2	100	KSA
1	100		-	-	KSA
174	26		-	-	
2,085	17		-	-	

Precious and base metals

Gold sales by mine

Mine	2018		2017		Variance	
	Ounces	%	Ounces	%	Ounces	y-o-y %
Mahd Ad-Dahab	31,227	7	23,747	7	7,480	31
Sukhaybarat	15,704	4	13,089	4	2,615	20
Bulghah	36,972	9	58,369	17	(21,397)	(37)
Al-Amar	31,377	7	45,552	14	(14,175)	(31)
As Suq	27,536	7	29,520	9	(1,984)	(7)
Ad Duwayhi	274,519	66	163,104	49	111,415	68
Total gold ounces sold	417,335	100	333,381	100	83,954	25

Gold sales representing 14 percent of the total consolidated sales for 2018 increased by 24 percent (SAR383 million) due to an increase in quantity sold by 84 Koz (volume effect of SAR401 million) resulting from the higher grade and stabilised mine operations at Ad Duwayhi mine. The increase in volume sold is partially offset by the decrease in average realised prices by USD12/oz (price effect of SAR18 million).

2. Cost of sales

(In SAR millions)	2018	%	2017	%	Variance	y-o-y %
Salaries and staff related benefits	1,117	12	1,026	13	91	9
Contracted services	760	8	734	9	26	4
Repairs and maintenance	129	2	117	1	12	10
Consumables	192	2	134	2	58	43
Overheads	710	8	605	7	105	17
Raw material and utilities consumed	3,644	40	3,065	38	579	19
Sale of by-products	(73)	(1)	(91)	(1)	18	(20)
Inventory losses	-	-	8	-	(8)	(100)
Obsolete and slow moving spare parts and consumable materials written-off	1	-	4	-	(3)	(75)
Allowance for inventory obsolescence	46	1	31	-	15	48
Severance fees	124	2	73	1	51	70
Total cash operating costs	6,650	74	5,706	70	944	17
Depreciation of mine properties	626	7	505	6	121	24
Depreciation of property, plant and equipment	2,491	27	2,287	28	204	9
Amortisation of intangible assets	25	-	20	-	5	25
Total operating costs	9,792	108	8,518	104	1,274	15
Increase in inventory	(723)	(8)	(366)	(4)	(357)	98
Total	9,069	100	8,152	100	917	11

Cost of sales increased by SAR917 million year-on-year attributed to higher sales volume of all products except aluminium and ammonia and also due to higher raw material prices.

Ammonia phosphate fertiliser and ammonia cost of sales

APF and ammonia cost of sales increased by SAR497 million mainly due to the following:

- increase in APF's average unit cost/mt by USD41 resulting mainly from MPC's increase in raw material prices i.e. molten sulphur, increase in SEC transmission charges and trucking cost. Furthermore, the commencement of commercial production and sales of APF in MWSPC on 2 December 2018 contributed to the increase in cost of sales.
- increase in ammonia's unit cost/mt by USD23 resulting mainly from MPC's increase in natural gas prices, SEC transmission charges and other cost.

Aluminium cost of sales

Aluminium cost of sales increased by SAR72 million due to higher average cost/mt by USD346 resulting mainly from increase in raw material prices i.e. caustic soda and carbon materials cost. Furthermore, the commencement of commercial production and sales of flat rolled products in MRC on 9 December 2018 contributed to the increase in cost of sales.

Gold produced by mine

(In SAR millions)	2018		2017		Variance	
	Ounces	%	Ounces	%	Ounces	y-o-y %
Mahd Ad-Dahab	29,904	7	23,041	7	6,863	30
Sukhaybarat	15,704	4	13,089	4	2,615	20
Bulghah	36,972	9	58,369	17	(21,397)	(37)
Al-Amar	30,331	7	45,109	14	(14,778)	(33)
As-Suq	27,536	7	29,520	9	(1,984)	(7)
Ad-Duwayhi	274,519	66	163,104	49	111,415	68
Total gold ounces produced	414,966	100	332,232	100	82,734	25

Gold cost of sales increased by SAR348 million mainly due to an increase in quantity sold by 84 Koz.

Industrial minerals cost of sales

The cost of sales of industrial minerals decreased overall by 1 percent.

3. Selling, marketing and logistic expenses

The increase of SAR35 million (7 percent) was mainly caused by an increase in freight and logistic expenses related to the sale of flat rolled products from MRC.

4. General and administrative expenses

The increase of SAR81 million (21 percent) was mainly caused by an increase in management consultancy and contracted services expenses.

5. Exploration and technical services expenses

The increase of SAR 33million (53 percent) was mainly caused by higher contracted services pertaining to higher drilling and sampling activities in MGBM.

6. Reversal / (impairment) of non-current assets, net

The decrease of SAR568 million (109 percent) mainly represents the periodic effect resulting from the impairment during the year of SAR281 million related to automotive sheet project assets capitalised under capital work-in-progress of Ma'aden Corporate based on the impairment testing performed as at 31 December 2018 off-set by the reversal of impairment of investment in a joint venture (SAMAPCO) amounting to SAR346 million.

However, during the year ended 31 December 2017, impairment of SAR446 million was recorded under capital work-in-progress of MRC's assets based on the impairment testing performed as at 31 December 2017. Furthermore, during the year ended 31 December 2017 additional funding in SAMAPCO amounting to SAR31 million has been impaired.

(in SAR millions)	2018	2017
Mining capital work-in-progress written-off	(19)	-
Plant and equipment written-off	-	(45)
Impairment of capital work-in-progress	(281)	(446)
Reversal / (impairment) of investment in a joint venture	346	(31)
Total	46	(522)

7. Income from time deposits

The increase of SAR47 million (61 percent) mainly resulted from investment of excess fund in short-term deposits by Ma'aden Corporate during the year ended 31 December 2018.

8. Finance cost

The increase of 137 million (8 percent) mainly resulted from the restructuring of the MBAC loan facility on 16 July 2018 (SAR90 million), repayment of MPC long-term loan under Murabaha financing agreement and undertaking a new long-term loan under Sukuk financing agreement (SAR28 million) and also due to the additional finance cost pertaining to the commencement of commercial production and sale of ammonia phosphate fertiliser on 2 December 2018 which was capitalised as part of qualifying assets under capital work-in-progress earlier to this date.

9. Other expenses / (income), net

The decrease of SAR63 million (95 percent) mainly relates to the additional expenses recorded during the year ended 31 December 2017 pertaining to the final assessment of withholding tax related to prior years (SAR29 million) and the aluminium price adjustments in Corporate pertaining to prior years (SAR21 million).

10. Share in net profit of joint venture that have been equity accounted

Share in net profit of joint venture represents Ma'aden's share of 50 percent in the net income of Ma'aden Barrick Copper Company (MBCC), a joint venture between Ma'aden and Barrick Middle East PTY Limited. SAR42 million share in net income increased (42 percent) due to higher average realised prices of copper and hence improved profitability of MBCC.

11. Basic and diluted earnings per share

The basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the financial year under review.

The weighted average number of ordinary shares for 2018 and 2017 total to 1,168,478,261 shares.

12. EBITDA

(in SAR millions)	2018	2017	Variance	
			SAR	y-o-y %
Operating profit for the year	4,024	2,437	1,587	65
Depreciation of mine properties*	626	506	120	24
Depreciation of property, plant and equipments*	2,529	2,317	212	9
Amortisation of intangible assets*	37	26	11	42
(Reversal) / impairment of non-current assets, net	(46)	522	(568)	(109)
EBITDA	7,170	5,808	1,362	23

* Depreciation of mine properties and property, plant and equipment and amortisation of Intangible assets does not tie in with Note 2 since this represents the total depreciation and amortisation which includes depreciation and amortisation charged to cost of sales, general and administrative expenses and exploration and technical services expenses.

Consolidated statement of financial position as at 31 December 2018

(In SAR millions)	Explanatory notes	2018	2017	Variance	y-o-y %
Non-current assets					
Mine properties	13	10,045	9,098	947	10
Property, plant and equipment	14	66,482	44,451	22,031	50
Capital work-in-progress	15	2,197	26,409	(24,212)	(92)
Intangible assets		340	346	(6)	(2)
Investment in joint ventures	16	1,424	934	490	52
Deferred tax assets		598	462	136	29
Long-term investment		43	50	(7)	(14)
Other non-current assets		1,079	1,183	(104)	(9)
		82,208	82,933	(725)	(1)
Current assets	17	15,821	12,184	3,637	30
Total assets		98,029	95,117	2,912	3
Equity attributable to ordinary shareholders of the parent company		27,903	26,098	1,805	7
Non-controlling interest		8,791	8,432	359	4
Total equity		36,694	34,530	2,164	6
Non-current liabilities					
Other non-current liabilities		2,143	2,163	(20)	(1)
Long-term borrowings	18	51,404	50,701	703	1
		53,547	52,864	683	1
Current liabilities		7,788	7,223	65	1
Total liabilities		61,335	60,587	748	1
Total liabilities and equity		98,029	95,117	2,912	3

13. Mine properties

The increase of SAR947 million is mainly attributed to addition and transfer of assets from capital work-in-progress of SAR1,533 million and an increase in mine closure and rehabilitation provision of SAR73 million pertaining to MBAC and MWSPC reduced by net book value of assets transferred to property, plant and equipment of SAR15 million and also assets written-off during the year of SAR18 million and depreciation charge for the year of SAR626 million.

During the year, addition and transfer of assets from capital work-in-progress of SAR1,533 million mainly comprise of:

- MWSPC contributed an increase of SAR1,176 million relating to the assets capitalised attributed to the commencement of commercial production and sales of ammonia phosphate fertiliser in MWSPC on 2 December 2018.
- MGBM contributed an increase of SAR160 million relating to the addition in stripping activity asset and mining capital-work-in-progress and also SAR85 million relating to transfer of assets to mining capital work-in-progress from non-mining capital work-in-progress.
- MPC contributed an increase of SAR56 million relating mainly to mining capital work-in-progress, fixed plant and capital spares.

14. Property, plant and equipment

The increase of SAR22,031 million is mainly attributed to addition and transfer of assets from capital work-in-progress of SAR24,589 million and net book value of assets transferred from mine properties of SAR15 million reduced by the depreciation charge for the year of SAR2,569 million and an adjustment of net book value of SAR4 million.

During the year addition and transfer of assets from capital work-in-progress of SAR24,589 million mainly comprise of:

- MWSPC contributed an increase of SAR19,914 million relating to the assets capitalised for the remainder of the plants attributed to the commencement of commercial production and sales of ammonia phosphate fertiliser in MWSPC on 2 December 2018.
- MRC contributed an increase of SAR3,857 million relating to the assets capitalised for the commencement of commercial production and sales of flat rolled products in MRC on 9 December 2018.
- MPC contributed an increase of SAR499 million relating mainly to fixed plant and capital spares.
- MAC contributed an increase of SAR219 million relating mainly to fixed plant, capital spares, mobile workshop and other equipments.
- MBAC contributed an increase of SAR74 million relating mainly to fixed plant and capital spares.
- Remaining increase of SAR26 million was mainly accounted for by MIC pertaining to civil works and other equipments.

15. Capital work-in-progress

During the year the following movements occurred in capital work-in-progress:

- SAR24,947 million was transferred from capital work-in-progress to mine properties and property, plant and equipment mainly due to the commencement of commercial operation of MWSPC and MRC on 2 December 2018 and 9 December 2018 respectively.
- SAR1,766 million additions, of which SAR1,086 million was attributed to phosphate segment pertaining mainly to MWSPC, SAR402 million to aluminum companies, SAR274 million to Corporate pertaining mainly to automotive sheet project and ammonia project 3 and SAR4 million to MIC.
- SAR537 million transferred to property, plant and equipment, of which SAR220 million was attributed to phosphate segment, SAR293 million to aluminum companies and SAR24 million to MIC.
- SAR85 million transferred to mine properties pertaining to MGBM.
- SAR375 million reduction pertaining to impairment of automotive sheet project's assets.
- SAR34 million transferred to intangible assets mainly pertaining to Corporate.

16. Investment in joint ventures

During the year the following movements occurred in investment in joint ventures:

- SAR144 million addition pertaining to the share of net profit of MBCC.
- SAR346 million increase pertaining to the reversal of impairment of SAMAPCO following the SAMAPCO's resolution of a long-standing dispute with a supplier of its Ethylene feedstock, SAMAPCO's costs of production reduced substantially.

17. Current assets

Current assets increased by SAR3,637 million in 2018 and comprises mainly of the following:

- Time deposits and cash and cash equivalents in 2018 were SAR8,926 million compared to SAR6,592 million in 2017 (an increase of SAR2,334 million) attributed mainly to the drawdown of SIDF loan by MWSPC amounting to SAR2,225 during the fourth quarter of 2018.
- Trade and other receivables in 2018 were SAR2,250 million compared to SAR2,000 million in 2017 (an increase of SAR250 million) attributed mainly to the increased sales volume and average realised prices of products.
- Inventories in 2018 were SAR4,312 million compared to SAR3,436 million in 2017 (an increase of SAR876 million) mainly resulting from an increase in saleable inventory of SAR739 million pertaining to the commercial production and sales of diammonium phosphate fertiliser in MWSPC and flat rolled products in MRC. Also the spare parts and consumable inventory increased by SAR137 million attributed to the ramp-up of MWSPC and MRC.
- Advances and prepayments in 2018 were SAR292 million compared to SAR142 million in 2017 (an increase of SAR150 million) attributed mainly to the advances paid to suppliers of raw materials by MWSPC.

18. Long-term borrowings

Total borrowings (including current portion) increased by SAR685 million as result of drawdowns amounting to SAR10,012 million reduced by repayments of SAR9,327 million. Also the net movement in transaction cost of SAR15 million contributed to the increase of long-term borrowings.

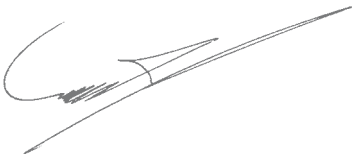
Borrowing company	Balance at 1 January 2018	Withdrawals/ drawdowns during the year	Repaid during the year	Balance at 31 December 2018
Saudi Arabian Mining Company (Ma'aden)	-	-	-	-
Ma'aden Gold and Base Metals Company	1,213	-	(172)	1,041
Ma'aden Infrastructure Company	883	-	(78)	805
Ma'aden Aluminium Company	10,958	-	-	10,958
Ma'aden Rolling Company	4,846	-	(50)	4,796
Ma'aden Bauxite and Alumina Company*	8,370	4,245	(4,524)	8,091
Ma'aden Phosphate Company**	10,345	3,500	(4,443)	9,402
Ma'aden Wa'ad Al-Shamal Phosphate Company	18,072	2,267	(60)	20,279
Total	54,687	10,012	(9,327)	55,372

* During July 2018, the company restructured its long-term borrowing facilities by amending the PIF agreement and entering into the new Common Terms Agreements ("CTA") with the consortiums of local financial institutions, whereas, the other facilities were prematurely settled in full.

** During February 2018, the company partially repaid its long-term borrowings under Murabaha Facility Agreement ("MFA") with the Murabaha facility participants from a drawing under a new Sukuk Facility Agreement ("SFA") with the Sukuk facility participants.

Consolidated statement of cash flows for the year ended 31 December 2018

(in SAR millions)	2018	2017	Variance	y-o-y %
Cash and cash equivalents at the beginning of the year - unrestricted	4,282	4,310	(28)	(1)
Net cash generated from operating activities	3,979	3,017	962	32
Net cash utilised in investing activities	(3,612)	(3,971)	359	(9)
Free cash flows	367	(954)	1,321	(138)
Net cash generated from financing activities	671	926	(255)	(28)
Net change in cash and cash equivalents for the year	1,038	(28)	1,066	(3,807)
Cash and cash equivalents at the end of the year - unrestricted	5,320	4,282	1,038	24



Ali Saeed Al-Qahtani
Chief Financial Officer (Acting)

Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian joint stock company)

Consolidated financial
statements for the year
ended 31 December
2018

Administration and contact details as at 31 December 2018

Commercial registration number 1010164391

Directors

HE Engr Khalid Bin Abdulaziz Al-Faleh	- Chairman
HE Sulaiman Bin Abdulrahman Al-Gwaiz	- Vice chairman
HE Engr Abdullah Bin Ibrahim Al-Saadon	
HE Engr Khalid Saleh Al-Mudaifer	
Engr Abdullah Bin Mohammed Al-Issa	
Ms Lubna Bint Suliman Al-Olayan	
Engr Azzam Bin Yaser Shalabi	
Dr Klaus Christian Kleinfeld	
Mr Richard O'Brien	

Registered address

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 Exit 6, North Ring Road
 Riyadh 11537
 Kingdom of Saudi Arabia

Postal address

PO Box 68861
 Riyadh 11537
 Kingdom of Saudi Arabia

Banker

The Saudi British Bank (SABB)

Auditors

PricewaterhouseCoopers
 Kingdom Tower - 21st Floor
 King Fahad Road
 Riyadh 11414
 Kingdom of Saudi Arabia

Statement of Directors' responsibilities for the preparation and approval of the consolidated financial statements for the year ended 31 December 2018

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on pages 146 to 152, is made with a view to distinguish the responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group").

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at 31 December 2018, its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

In preparing the consolidated financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), as endorsed in the Kingdom of Saudi Arabia, have been followed, subject to any material departures disclosed and explained in the consolidated financial statements and
- preparing and presenting the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the companies will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group,
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Group operates,
- taking steps to safeguard the assets of the Group and
- detecting and preventing fraud and other irregularities.

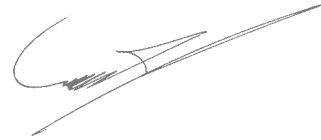
The consolidated financial statements for the year ended 31 December 2018 set out on pages 153 to 267 were approved and authorized for issue by the Board of Directors on 24 January 2019 and signed on their behalf by:



HE Engr Abdullah Bin Ibrahim Al-Saadon
Authorized by the Board



Mr Darren C. Davis
President and
Chief Executive Officer (A)



Mr Ali Saeed Al-Qahtani
VP Finance and
Chief Financial Officer (A)

18 Jumada-1 1440H
24 January 2019
Riyadh
Kingdom of Saudi Arabia



Independent auditor's report

to the shareholders of Saudi Arabian Mining Company ("Ma'aden")

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Mining Company ("Ma'aden") (the "Company") and its subsidiaries (together the "Group") as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018;
- the consolidated statement of financial position as at that date;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Key audit matters

- Impairment assessment of property, plant and equipment, capital work-in-progress and finite-lived intangible assets;
- Provision for decommissioning, site rehabilitation and dismantling obligations; and
- Reversal of impairment of an investment in Sahara and Ma'aden Petrochemicals Company.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T: +966(11) 211-0400, F: +966(11) 211-0401, www.pwc.com/middle-east

Key audit matter	How our audit addressed the Key audit matter
<p>Impairment assessment of property, plant and equipment, capital work-in-progress and finite-lived intangible assets</p> <p>As at 31 December 2018, the Group has property, plant and equipment of Saudi Riyals 66,482,353,144, capital work-in-progress of Saudi Riyals 2,197,029,285 and finite-lived intangible assets of Saudi Riyals 340,187,882. As at 31 December 2018, property, plant and equipment and capital work-in-progress include an impairment loss amounting to Saudi Riyals 2,467,500,000 (31 December 2017: Saudi Riyals 2,467,500,000) and Saudi Riyals 836,250,000 (31 December 2017: Saudi Riyals 461,250,000), respectively.</p> <p>At each reporting date, the Group reviews for impairment the carrying amount of these assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.</p> <p>The determination of recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires management to identify and then estimate the recoverable amount for the asset or the cash generating unit (CGU) to which the asset belongs. Recoverable amounts, in case of value-in-use, are based on management's view of key internal value driver inputs as well as external market conditions such as future commodity prices as set out in approved business plans. It also requires management to make estimates of growth rates beyond the approved business plan period and to determine the most appropriate discount rate.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Understood and evaluated the appropriateness of management's identification of the CGUs by reference to our knowledge of the Group's operating structure. • Assessed management's identification of impairment indicators, as well as indicators of impairment reversal, including the conclusions reached. We also evaluated the design and implementation of key controls over the impairment assessment process comprising of impairment indicator identification and estimation of recoverable amounts. • Evaluated the reasonableness of management's assumptions and estimates used to determine the recoverable amount of the CGUs where impairment indicators have been identified. This included: <ul style="list-style-type: none"> (i) Assessing the methodology used by management to estimate the value-in-use by checking, on a sample basis, the accuracy and appropriateness of the input data in the discounted cash flow model to supporting documentation, such as the approved business plans. We considered the reasonableness of business plans by comparing the business plans to the historical results and the market data, particularly with respect to sales pricing, and comparing the current year's actual results with its forecast. We also discussed with management to understand the basis for the assumptions used in the business plans;



Independent auditor's report

to the shareholders of Saudi Arabian Mining Company ("Ma'aden") (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Specific assets or the CGUs, to which the assets belong, where we focused our procedures included the following:</p> <p><i>Ma'aden Rolling Company</i></p> <p>Management has assessed the recoverable amount of its property, plant and equipment and finite-lived intangible assets using the value-in-use method, and determined that the recoverable amount was approximately equal to the carrying value resulting in no impairment loss or reversal of a previously recognized impairment loss to be recognized for the year ended 31 December 2018.</p> <p><i>Saudi Arabian Mining Company (Automotive sheet project)</i></p> <p>Management has assessed the recoverable amount of its capital work-in-progress using the value-in-use method, and determined that the recoverable amount was less than the carrying value resulting in an impairment loss of Saudi Riyals 375,000,000 for the year ended 31 December 2018.</p> <p>We considered this as a key audit matter as the assessment of the recoverable amount of the asset or the CGU to which the asset belongs requires estimation and judgement around production profiles, useful life of assets, commodity prices, future economic and market conditions, growth rates and discount rates.</p> <p>Refer to Note 4.10 to the consolidated financial statements for the accounting policy relating to the impairment of these assets, Note 5.1 for the disclosure of significant accounting estimates and judgement and Note 19 for the disclosure of matters related to impairment of property, plant and equipment and capital work-in-progress.</p>	<p>(ii) Assessing the appropriateness of the discounted cash flow projections in the calculation of the value-in-use, challenging the reasonableness of key assumptions such as the future business growth, terminal growth rates and discount rates based on our knowledge of the business and industry by comparing the assumptions to historical results and published market and industry data and other relevant information. Our internal valuation experts were engaged to assist us in the review of the methodology underlying the value-in-use calculations and to assess the reasonableness of discount rates and growth rates;</p> <p>(iii) Testing management's discounted cash flow models used in the calculation of the value-in-use for mathematical accuracy and logical integrity of the underlying calculations; and</p> <p>(iv) Performing sensitivity analysis over key assumptions in the calculation of the value-in-use in order to assess the potential impact of a range of possible outcomes.</p> <ul style="list-style-type: none"> Assessed the adequacy and appropriateness of the related disclosures in Notes 4.10, 5.1 and 19 to the consolidated financial statements.

Key audit matter	How our audit addressed the Key audit matter
<p>Provision for decommissioning, site rehabilitation and dismantling obligations</p> <p>The Group has provision for decommissioning, site rehabilitation and dismantling obligations of Saudi Riyals 385,625,329 as at 31 December 2018.</p> <p>Provision for such obligations includes facility decommissioning, dismantling of plant and buildings, removal or treatment of waste materials, and site and land rehabilitation. The extent of the work required and the associated costs are dependent on the prevailing laws and regulations.</p> <p>Management reviews the decommissioning, site rehabilitation and dismantling obligations on an annual basis, using experts to provide support in its assessment where appropriate.</p> <p>The calculation of the provision for decommissioning, site rehabilitation and dismantling obligations requires the use of significant judgement due to the inherent complexity in estimating the extent and timing of future costs. It is also dependent upon a number of factors such as the life and reserves of the mine, the operating mining license conditions, the discount rate and the environment in which the mine operates.</p> <p>We considered this as a key audit matter due to the considerable judgement involved in estimating the related provision.</p> <p>Refer to Notes 4.18 and 5.2 to the consolidated financial statements for Group's accounting policy and significant accounting estimates, respectively, relating to provision for decommissioning, site rehabilitation and dismantling obligations and Note 37 for the disclosure of the related provision.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Assessed management's process for establishing and monitoring the related provision and evaluated the design and implementation of key controls over such process; • Assessed the work of Management's experts in identifying decommissioning, site rehabilitation and dismantling activities by reference to the legal or constructive obligations in force at the year-end and in determining the cost estimates. We also evaluated the competency and objectivity of the experts based on their professional qualifications, relevant experience, use of industry accepted methodology and their independence; • Assessed the reasonableness of the key assumptions used in the calculation of the related provision, including the discount rate applied to calculate the net present value of the provision. We compared the assumptions used in the calculation of the provision to market observable data including risk free rates and inflation rates. Our internal valuation experts were engaged to assist in the review of discount rates; • Checked the mathematical accuracy and logical integrity of management's calculations; and • Assessed the adequacy and appropriateness of the related disclosures in Notes 4.18, 5.2 and 37 to the consolidated financial statements.



Independent auditor's report

to the shareholders of Saudi Arabian Mining Company ("Ma'aden") (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Reversal of impairment of an investment in Sahara and Ma'aden Petrochemicals Company (SAMAPCO)</p> <p>The Group has an investment of 50% in the issued and paid up share capital of SAMAPCO, a joint venture, which was incorporated on 14 August 2011.</p> <p>As at 31 December 2017, (i) the carrying amount of the investment in this joint venture amounting to Saudi Riyals 324,775,820; (ii) an additional contribution of Saudi Riyals 47,998,419; and (iii) a payment of Saudi Riyals 30,750,000 made on behalf of the joint venture, were fully impaired.</p> <p>The Group assesses at the end of each reporting period whether there are any indications of reversal of a previously recognized impairment loss. The recoverable amount of the investment in the joint venture, determined by applying value-in-use, is assessed considering various external market conditions such as future petrochemical prices and the most appropriate discount rate and growth rate.</p> <p>During the year ended 31 December 2018, following the resolution of long-standing disputes between this joint venture and its supplier of feedstock coupled with a rise in petrochemical prices resulted in substantial increase in the joint venture's profitability. Based on this, as at 31 December 2018, management carried out an assessment of the recoverable amount of the Group's investment in the joint venture and concluded that the entire previously recognised impairment loss should be reversed.</p> <p>We considered this as a key audit matter as the assessment of the recoverable amount of the investment in SAMAPCO required estimation and judgement around future production, costs and petrochemical prices, as set out in the approved business plan. Estimates and judgement were also made in the selection of growth rates beyond the business plan period and the selection of an appropriate discount rate. The amount of reversal of impairment to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 was significant.</p> <p>Refer to Note 4.1 to the consolidated financial statements for the accounting policy relating to investment in the joint venture and Note 21 for the disclosure of related impairment reversal.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed management's evaluation of factors underlying the reversal of the previously recognized impairment losses including the conclusions reached. • Evaluated the reasonableness of management's assumptions and estimates used to determine the recoverable amount of the investment in the joint venture as follows: <ul style="list-style-type: none"> (i) Assessing the methodology used by management to estimate the value-in-use by checking, on a sample basis, the accuracy and relevance of the input data in the discounted cash flow model to supporting documentation including the approved business plan of the joint venture. We considered the reasonableness of the business plan by comparing the business plan to the historical results and the market data, particularly with respect to sales pricing, and comparing the current year's actual results with its forecasts; (ii) Assessing the appropriateness of the discounted cash flow projections, challenging the reasonableness of key assumptions such as the future business growth, terminal growth rate and discount rate based on our knowledge of the business and industry and comparing the assumptions to historical results and published market and industry data and other relevant information. Our internal valuation experts were engaged to assist in the review of the methodology underlying the value-in-use calculations, discount rate and growth rate; (iii) Testing management's discounted cash flow projections for mathematical accuracy and logical integrity of the underlying calculations; and (iv) Performing sensitivity analysis over key assumptions in the discounted cash flow projections in order to assess the potential impact of a range of possible outcomes. • Assessed the adequacy and appropriateness of the related disclosures in Notes 4.1 and 21 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2018 annual report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's 2018 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Independent auditor's report

to the shareholders of Saudi Arabian Mining Company ("Ma'aden") (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers



Omar M. Al Sagga
License Number 369

24 January 2019
18 Jumada - 1 1440H
Riyadh
Kingdom of Saudi Arabia

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Sales	7	14,170,759,920	12,085,934,170
Cost of sales	8	(9,068,877,268)	(8,152,429,566)
Gross profit		5,101,882,652	3,933,504,604
Operating expenses			
Selling, marketing and logistic expenses	9	(565,808,669)	(530,877,495)
General and administrative expenses	10	(463,470,168)	(381,807,060)
Exploration and technical services expenses	11	(95,437,950)	(62,201,293)
Reversal / (impairment) of non-current assets, net	12	46,480,083	(522,354,346)
Operating profit		4,023,645,948	2,436,264,410
Other income / (expenses)			
Income from time deposits	13	123,942,122	77,496,643
Finance cost	14	(1,753,403,620)	(1,616,005,964)
Other (expenses) / income, net	15	(3,325,610)	(66,201,532)
Share in net profit of a joint venture that has been equity accounted	21.1.3	143,535,306	101,650,424
Profit before zakat and income tax		2,534,394,146	933,203,981
Income tax	22.1	(72,526,367)	(56,924,369)
Zakat expense	43.2	(216,232,355)	(91,834,417)
Profit for the year		2,245,635,424	784,445,195
Other comprehensive (loss) income			
<i>Items that may be reclassified to profit or loss in subsequent years</i>			
Cash flow hedge – effective portion of changes in fair value	39	(26,940,863)	-
<i>Items that will not be reclassified to profit or loss in subsequent years</i>			
(Loss) / gain attributable to the re-measurements of employees' end of service termination benefits obligation	40.1.1	(24,162,881)	45,969,473
Other comprehensive (loss) / income for the year		(51,103,744)	45,969,473
Total comprehensive income for the year		2,194,531,680	830,414,668
Profit for the year is attributable to:			
Ordinary shareholders of the parent company	16	1,847,917,080	714,841,886
Non-controlling interest	34.2	397,718,344	69,603,309
		2,245,635,424	784,445,195
Total comprehensive income for the year is attributable to:			
Ordinary shareholders of the parent company		1,806,491,711	755,503,131
Non-controlling interest	34.2	388,039,969	74,911,537
		2,194,531,680	830,414,668
Earnings per ordinary share (Saudi Riyals)			
Basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the parent company	16	1.58	0.61

Consolidated statement of financial position as at 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2018	31 December 2017
Assets			
Non-current assets			
Mine properties	17	10,045,042,854	9,098,033,447
Property, plant and equipment	18	66,482,353,144	44,450,932,788
Capital work-in-progress	19	2,197,029,285	26,409,469,977
Intangible assets	20	340,187,882	345,623,460
Investment in joint ventures	21	1,423,526,084	934,056,539
Deferred tax assets	22.2	597,837,808	461,724,817
Other investments	23	43,185,000	50,000,000
Other non-current assets	24	1,078,706,138	1,183,464,512
Total non-current assets		82,207,868,195	82,933,305,540
Current assets			
Other investments	23	4,665,000	-
Due from joint venture partner	25	36,686,041	13,652,075
Advances and prepayments	26	292,262,717	142,274,924
Inventories	27	4,311,929,714	3,436,233,644
Trade and other receivables	28	2,249,893,475	1,999,913,097
Time deposits	29	3,532,798,806	2,240,000,000
Cash and cash equivalents	30	5,393,162,064	4,351,617,030
Total current assets		15,821,397,817	12,183,690,770
Total assets		98,029,266,012	95,116,996,310

(Continued)

	Notes	31 December 2018	31 December 2017
Equity and liabilities			
Equity			
Share capital	31	11,684,782,610	11,684,782,610
Statutory reserve			
Share premium	32	8,391,351,697	8,391,351,697
Transfer of net income	33	1,054,251,439	869,459,731
Retained earnings		6,772,344,987	5,151,922,897
Equity attributable to ordinary shareholders of the parent company		27,902,730,733	26,097,516,935
Non-controlling interest	34.3	8,791,695,515	8,432,462,583
Total equity		36,694,426,248	34,529,979,518
Non-current liabilities			
Deferred tax liabilities	22.3	607,317,644	388,478,975
Due to a joint venture partner	35	195,267,690	266,358,724
Long-term borrowings	36.7	51,403,730,903	50,700,770,922
Provision for decommissioning, site rehabilitation and dismantling obligations	37	385,625,329	288,673,151
Non-current portion of obligation under finance lease	38	5,720,810	27,183,780
Derivative financial instruments	39	28,888,908	-
Employees' benefits	40	618,463,740	532,627,294
Projects, trade and other payables	41	301,563,818	659,518,920
Total non-current liabilities		53,546,578,842	52,863,611,766
Current liabilities			
Projects, trade and other payables	41	2,215,392,112	2,315,780,978
Accrued expenses	42	2,073,146,396	1,963,136,900
Zakat and income tax payable	43	190,701,571	141,656,670
Severance fees payable	44	124,800,448	73,079,354
Current portion of long-term borrowings	36.7	3,162,757,425	3,195,086,817
Current portion of obligation under finance lease	38	21,462,970	34,664,307
Total current liabilities		7,788,260,922	7,723,405,026
Total liabilities		61,334,839,764	60,587,016,792
Total equity and liabilities		98,029,266,012	95,116,996,310
Commitments and contingent liabilities	47		

Consolidated statement of changes in equity for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Equity attributable to ordinary		
		Share capital (Note 31)	Share premium (Note 32)	Statutory reserve Transfer of net income (Note 33)
1 January 2017		11,684,782,610	8,391,351,697	797,975,542
Net profit for the year		-	-	-
Other comprehensive income for the year:				
Gain attributable to the re-measurements of employees' end of service termination benefits obligation	40.1.1	-	-	-
Total comprehensive income for the year		-	-	-
Net income transferred to statutory reserve		-	-	71,484,189
Increase in non-controlling interest / share capital contributed during the year		-	-	-
Payment to increase share capital during the year		-	-	-
31 December 2017 - as previously reported		11,684,782,610	8,391,351,697	869,459,731
IFRS 9 adjustments on expected credit losses	3	-	-	-
1 January 2018 - restated		11,684,782,610	8,391,351,697	869,459,731
Net profit for the year		-	-	-
Other comprehensive income for the year:				
Cash flow hedge - effective portion of changes in fair value	39	-	-	-
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	40.1.1	-	-	-
Total comprehensive income for the year		-	-	-
Net income transferred to statutory reserve		-	-	184,791,708
Dividend paid to non-controlling interest during the year		-	-	-
31 December 2018		11,684,782,610	8,391,351,697	1,054,251,439

* These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity of these subsidiaries. No shares have been issued as yet, and the Commercial Registration certificate has not yet been amended, but it will be once these payments have been converted to share capital.

shareholders of the parent company

Non-controlling interest

Retained earnings	Sub-total	Share capital (Note 34.3)	Payments to increase share capital* (Note 34.3)	Net income attributable to non-controlling interest (Note 34.3)	Sub-total	Total equity
4,467,903,955	25,342,013,804	8,148,320,890	110,292,857	(464,312,701)	7,794,301,046	33,136,314,850
714,841,886	714,841,886	-	-	69,603,309	69,603,309	784,445,195
40,661,245	40,661,245	-	-	5,308,228	5,308,228	45,969,473
755,503,131	755,503,131	-	-	74,911,537	74,911,537	830,414,668
(71,484,189)	-	-	-	-	-	-
-	-	375,000,000	-	-	375,000,000	375,000,000
-	-	-	188,250,000	-	188,250,000	188,250,000
5,151,922,897	26,097,516,935	8,523,320,890	298,542,857	(389,401,164)	8,432,462,583	34,529,979,518
(1,277,913)	(1,277,913)	-	-	-	-	(1,277,913)
5,150,644,984	26,096,239,022	8,523,320,890	298,542,857	(389,401,164)	8,432,462,583	34,528,701,605
1,847,917,080	1,847,917,080	-	-	397,718,344	397,718,344	2,245,635,424
(20,178,706)	(20,178,706)	-	-	(6,762,157)	(6,762,157)	(26,940,863)
(21,246,663)	(21,246,663)	-	-	(2,916,218)	(2,916,218)	(24,162,881)
1,806,491,711	1,806,491,711	-	-	388,039,969	388,039,969	2,194,531,680
(184,791,708)	-	-	-	-	-	-
-	-	-	-	(28,807,037)	(28,807,037)	(28,807,037)
6,772,344,987	27,902,730,733	8,523,320,890	298,542,857	(30,168,232)	8,791,695,515	36,694,426,248

Consolidated statement of cash flows for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Operating activities			
Profit before zakat and income tax		2,534,394,146	933,203,981
Adjustments for non-cash flow items:			
Inventory loss	8	-	8,388,636
(Reversal) / (impairment) of non-current assets, net	12	(46,480,083)	522,354,346
Income from time deposits	13	(123,942,122)	(77,496,643)
Finance cost	14	1,753,403,620	1,616,005,964
Adjustment to mine properties	17	-	1,275,527
Depreciation of mine properties	17.1	626,381,829	505,825,294
Adjustment to property, plant and equipment	18	3,702,425	(932,588)
Depreciation of property, plant and equipment	18.1	2,529,349,845	2,317,126,056
Amortisation of intangible assets	20.1	37,499,762	26,629,765
Share in net profit of joint venture	21.1.3	(143,535,306)	(101,650,424)
Obsolete and slow moving spare parts and consumable materials written-off	27	1,386,960	4,058,354
Provision for allowance for inventory obsolescence	27.1	46,012,092	30,826,957
ECL allowance on trade and other receivables	28.1	185,390	-
ECL allowance on time deposits	29.1	1,259,666	-
Current service cost of employees' termination benefits	40.1	93,617,211	84,510,923
Contribution for the employees' savings plan	40.2	41,620,333	30,530,337
Provision for severance fees	44	123,792,353	73,093,714
Changes in working capital:			
Advances and prepayments	24,26	(138,022,474)	10,242,435
Inventories	24,27	(907,661,150)	(483,214,323)
Trade and other receivables	24,28	(206,453,638)	(633,295,672)
Projects and other payables - Trade	41	(95,369,611)	192,738,236
Accrued expenses - Trade	42	292,161,416	55,149,140
Employees' termination benefits paid	40.1	(58,010,555)	(24,120,417)
Employees' savings plan withdrawal	40.2	(38,447,347)	(19,998,687)
Zakat paid	43.2	(142,676,352)	(61,545,657)
Income tax paid	43.5	(14,311,791)	-
Severance fees paid	44	(72,071,259)	(8,284,996)
Finance cost paid		(2,118,196,406)	(1,984,891,082)
Net cash generated from operating activities		3,979,588,954	3,016,529,176
Investing activities			
Income received from time deposits		114,195,653	79,045,955
Additions to mine properties	17	(275,145,829)	(343,649,945)
Additions to property, plant and equipment	18	(278,774,359)	(142,155,658)
Additions to capital work-in-progress	19	(1,142,246,955)	(2,451,837,441)
Additions to intangible assets	20	(115,173)	-
Addition to investment in joint venture	21.2	-	(30,750,000)
Other investments	23	2,150,000	-
Due from joint venture partners	25	(23,033,966)	(13,652,075)
(Increase) / decrease in time deposits	29	(1,295,000,000)	471,000,000
Increase in restricted cash	30	(3,172,986)	(10,531,650)
Projects and other payables - Projects	41	(394,251,198)	(696,182,314)
Accrued expenses - Projects	42	(317,067,159)	(831,961,263)
Net cash utilized in investing activities		(3,612,461,972)	(3,970,674,391)

(Continued)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Financing activities			
Increase in share capital of non-controlling interest	34.3	-	375,000,000
Payment to increase share capital of non-controlling interest	34.3	-	188,250,000
Due to a joint venture partner	35	23,033,966	75,342,361
Proceeds from long-term borrowings received	36	10,012,202,039	9,176,645,159
Repayment of long-term borrowings	36	(9,326,726,973)	(8,851,098,518)
Obligations under finance lease	38	(37,263,966)	(38,622,936)
Net cash generated from financing activities		671,245,066	925,516,066
Net change in cash and cash equivalents			
		1,038,372,048	(28,629,149)
Unrestricted cash and cash equivalents at the beginning of the year	30	4,281,744,159	4,310,373,308
Unrestricted cash and cash equivalents at the end of the year	30	5,320,116,207	4,281,744,159
Non-cash flow transactions			
Transfer to mine properties from capital work-in-progress	17,19	1,258,519,456	13,829,815
Transfer to property, plant and equipment from mine properties	18,17	15,101,390	-
Transfer to property, plant and equipment from capital work-in-progress	18,19	24,310,225,995	4,253,223,326
Borrowing cost capitalized as part of capital work-in-progress	19,14.1	549,836,633	495,873,199
Depreciation of property, plant and equipment capitalized as part of capital work-in-progress	19,18	39,629,118	41,951,983
Transfer to capital work-in-progress from intangible assets	19,20	-	23,165,191
Amortization of intangible assets capitalized as part of capital work-in-progress	19,20.1	3,030,044	1,653,489
Amortization of transaction cost capitalized as part of capital work-in-progress	19,36.10	29,464,834	40,484,382
Transfer to intangible assets from capital work-in-progress	20,19	34,979,055	22,623,328
Transfer to employees' home ownership program receivable under trade and other receivables from capital work-in-progress	24,19	-	1,092,691,590
ECL allowance on adoption of IFRS 9 charged to trade and other receivables and opening retained earnings	28	336,385	-
ECL allowance on adoption of IFRS 9 charged to time deposits and other receivables and opening retained earnings	29	941,528	-
Dividend paid to non-controlling interest	34.3,28	28,807,037	-
Share of joint venture partner in impairment of capital work-in-progress	35,19	94,125,000	-
Provision for decommissioning, site rehabilitation and dismantling obligations	37.1,37.2, 37.3	73,406,497	1,103,556
Loss / (gain) attributable to re-measurement of employees' end of service termination benefits obligation capitalized as part of capital work-in-progress	40.1.1, 19	2,076,230	(1,511,535)

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

1. General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to 17 March 1997) and incorporated in the Kingdom of Saudi Arabia pursuant to the Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to 23 March 1997) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to 4 February 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 31).

The objectives of the Company and its subsidiaries (the "Group") are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude:

- petroleum and natural gas and materials derived there from,
- any and all hydrocarbon substances, products, by-products and derivatives and
- activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mahd Ad-Dahab, Bulghah, Al-Amar, Sukhaybarat, As Suq, Ad Duwayhi, Al-Jalamid, Al-Khabra, Az-Zabirah, Al-Ghazallah and Al-Ba'itha mines. Currently, the Group mainly mines gold, phosphate rock, bauxite, low-grade bauxite, kaolin and magnesite.

2. Group structure

The Company has the following subsidiaries and joint ventures, all incorporated in the Kingdom of Saudi Arabia:

Subsidiaries	Type of company	Effective ownership	
		31 December 2018	31 December 2017
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	100%	100%
Ma'aden Aluminium Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Wa'ad Al-Shamal Phosphate Company ("MWSPC")	Limited liability company	60%	60%
Joint ventures			
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Limited liability company	50%	50%
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	50%	50%

The financial year end of all the subsidiaries and joint ventures coincide with that of the parent company ("Ma'aden").

2.1. MGBM

The company was incorporated on 9 August 1989 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are:

- the exploration and mining of gold and associated minerals within their existing mining lease areas by way of drilling, mining and concentrating and
- construct, operate and maintain all mines, buildings, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the leases.

2.2. MIC

The company was incorporated on 18 August 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are to:

- manage the infrastructure projects to develop, construct and operate the infrastructure and
- provide services to Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

2.3. IMC

The company was incorporated on 31 March 2009 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease areas by way of drilling, mining, concentrating, smelting and refining and
- extract, refine, export and sell such minerals in their original or refined form.

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az-Zabirah and a high grade magnesite mine at Al-Ghazallah and the processing plants at Al-Madinah Al-Munawarah. The Multiple Hearth Furnace “(MHF)” processing plant is fully operational and the Vertical Shaft Kiln “(VSK)” plant commenced commercial production on 1 August 2017.

2.4. MAC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Saudi Arabian Mining Company (“Ma’aden”) and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. (“ASSI”), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

The objectives of the company are the production of primary aluminium products:

- Ingots,
- T shape ingots,
- slabs and
- billets.

2.5. MRC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Saudi Arabian Mining Company (“Ma’aden”) and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. (“ASRI”), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

The objectives of the company are the production of:

- can body sheets and
- can ends stock.

The company declared commercial production on 9 December 2018.

2.6. MBAC

The company was incorporated on 22 January 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Saudi Arabian Mining Company (“Ma’aden”) and
- 25.1% by AWA Saudi Limited (“AWA”), a foreign shareholder, which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

The objectives of the company are to:

- exploit the Al-Ba’itha bauxite deposits,
- produce and refine bauxite and
- produce alumina.

2.7. MPC

The company was incorporated on 1 January 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 70% by Saudi Arabian Mining Company (“Ma’aden”) and
- 30% by Saudi Basic Industries Corporation (“SABIC”), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

The objectives of the company are to:

- exploit the Al-Jalamid phosphate deposits,
- utilize local natural gas and sulphur resources to manufacture Phosphate fertilizers at the processing facilities at Ras Al-Khair and
- produce ammonia as a raw material feed stock for the production of fertilizer with the excess ammonia exported or sold domestically.

2.8. MWSPC

The company was incorporated on 27 January 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 60% by Saudi Arabian Mining Company ("Ma'aden"),
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1) and
- 15% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

The objectives of the Company are the production of:

- di-ammonium and mono-ammonium phosphate fertilizer,
- ammonia,
- purified phosphoric acid,
- phosphoric acid,
- sulphuric acid and
- sulphate of potash

The company declared commercial production on 2 December 2018, except for the ammonia plant for which commercial production was declared on 1 January 2017.

2.9. SAMAPCO

The company was incorporated on 14 August 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 21.2.3) and
- 50% by Sahara Petrochemical Company.

SAMAPCO is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objectives of the company are the production of:

- concentrated caustic soda,
- chlorine and
- ethylene dichloride.

The operations of the company includes the production and supply of:

- Concentrated caustic soda (CCS) feedstock to the alumina refinery at MBAC and to sell any excess production not taken up by Ma'aden in the wholesale and retail market and
- Ethylene dichloride (EDC) in the wholesale and retail market.

2.10. MBCC

The company was incorporated on 2 November 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 21.1.3) and
- 50% by Barrick Middle East PTY Limited ("Barrick"), a foreign shareholder.

MBCC is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objectives of the company are the production of copper concentrate and associated minerals within their existing mining lease area by way of drilling, mining and concentrating.

3. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and
- interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS.

The consolidated financial statements comply with IFRS and other standards and pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia for financial reporting.

The consolidated financial statements have been prepared on the historical cost basis except where IFRS requires other measurement bases, as disclosed in the applicable accounting policies in Note 4 – Summary of significant accounting policies.

These consolidated financial statements are presented in SAR which is both the functional and reporting currency of the Group.

Impact of changes in accounting policies due to the adoption of new IFRS standards

The Group has adopted two new accounting standards for all reporting periods commencing on or after 1 January 2018, the impact of the adoption of these standards is explained below:

IFRS 9 – Financial Instruments

The Group adopted *IFRS 9 – “Financial instruments”* – as of 1 January 2018. IFRS 9 replaces *IAS 39 – “Financial instruments: Recognition and measurement”*. IFRS 9 eliminates the following categories of financial assets previously recognised under IAS 39:

- held-to-maturity,
- loans and receivables and
- available-for-sale.

IFRS 9 utilizes:

- a revised model for recognition and measurement of financial assets and
- a single, forward-looking lifetime “expected credit loss” (“ECL”) impairment model.

IFRS 9 retained most of the requirements in IAS 39 for classification and measurement of financial liabilities, so the Group’s accounting policy with respect to financial liabilities is unchanged.

Key changes arising from the adoption of IFRS 9

Classification of financial assets and financial liabilities

IFRS 9 contains the following three principal classification categories for financial assets based on the business model in which a financial asset and its contractual cash flows are managed:

- measured at amortized cost (“AC”),
- fair value through profit or loss (“FVTPL”) and
- fair value through other comprehensive income (“FVOCI”).

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 retained the existing requirements in IAS 39 for the classification of financial liabilities. Under IAS 39 all the fair value changes of financial liabilities, designated under the fair value option, were recognized in the consolidated statement of profit or loss. However, under IFRS 9 all the fair value changes are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the financial liability, is presented in the consolidated statement of other comprehensive income and
- the remaining amount of change in the fair value is presented in the consolidated statement of profit or loss.

Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward looking “expected credit loss” (“ECL”) model. The new impairment model applies to all financial assets measured at amortized cost.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

Measurement of financial assets and financial liabilities

The following table shows the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018, compared to the original measurement categories in accordance with IAS 39 as at 31 December 2017:

	Notes	New measurement under IFRS 9 1 January 2018	Original measurement under IAS 39 31 December 2017	New carrying value under IFRS 9 1 January 2018	Original carrying value under IAS 39 31 December 2017
Financial assets					
Other investments	23	Amortised cost	Amortised cost	50,000,000	50,000,000
Due from joint venture partner	25	Amortised cost	Amortised cost	13,652,075	13,652,075
Trade and other receivable (less zakat and employees' home ownership program receivables)	28	Amortised cost	Amortised cost	1,900,272,825	1,900,609,210
Time deposits	29	Amortised cost	Amortised cost	2,239,058,472	2,240,000,000
Cash and cash equivalents	30	Amortised cost	Amortised cost	4,351,617,030	4,351,617,030
Total				8,554,600,402	8,555,878,315
Financial liabilities					
Long-term borrowings	36.7	Amortised cost	Amortised cost	54,686,382,447	54,686,382,447
Obligation under finance lease	38	Amortised cost	Amortised cost	65,380,978	65,380,978
Projects, trade and other payables	41	Amortised cost	Amortised cost	2,975,299,898	2,975,299,898
Accrued expenses	42	Amortised cost	Amortised cost	1,963,136,900	1,963,136,900
Total				59,690,200,223	59,690,200,223

Transition

The Group has adopted IFRS 9, using the modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information for prior periods presented with respect to the changes resulting from the measurement of financial assets and financial liabilities.

Any differences in the carrying amounts of financial assets and financial liabilities, resulting from the adoption of IFRS 9 are recognized in the opening consolidated retained earnings as at 1 January 2018. Accordingly, the financial information presented for the year ended 31 December 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the financial information presented for the 2018 financial year under IFRS 9.

Reconciliation of the carrying amounts under IFRS 9 to the carrying amounts under IAS 39

The following table reconciles the carrying amounts under IFRS 9 to the carrying amounts under IAS 39 on transition to IFRS 9 on 1 January 2018.

	Notes	IFRS 9 carrying amount as at 1 January 2018	Re-measurements	IAS 39 carrying amount as at 31 December 2017
Financial assets at amortized cost				
Other investments	23	50,000,000	-	50,000,000
Due from joint venture partner	25	13,652,075	-	13,652,075
Trade and other receivable (less zakat and employees' home ownership program receivables)	28.1	1,900,272,825	(336,385)	1,900,609,210
Time deposit	29.1	2,239,058,472	(941,528)	2,240,000,000
Cash and cash equivalents	30	4,351,617,030	-	4,351,617,030
Total		8,554,600,402	(1,277,913)	8,555,878,315

The impact of applying FVTPL to trade receivables that do not meet the solely payment of principle and interest ("SPPI") is immaterial and therefore all trade receivable are accounted for on amortised cost.

Reconciliation of retained earnings as at 1 January 2018 and retained earnings as at 31 December 2017, attributable to the shareholders' of the parent company

	As at 1 January 2018	Re- measurements	As at 31 December 2017
31 December 2017 – as previously reported	5,151,922,897	–	5,151,922,897
IFRS 9 adjustment for expected credit losses (“ECL”)	(1,277,913)	(1,277,913)	–
1 January 2018 – as restated	5,150,644,984	(1,277,913)	5,151,922,897

IFRS 15 – Revenue from contracts with customers

The Group adopted *IFRS 15 – “Revenue from contracts with customers”* – as of 1 January 2018. The new standard creates a comprehensive framework for determining whether, how much and when revenue is recognized from contracts with customers.

IFRS 15 replaces the following standards and interpretations:

- *IAS 11 – “Construction contracts”*
- *IAS 18 – “Revenue”*
- *IFRIC 13 – “Customer loyalty programs”*
- *IFRIC 15 – “Agreements for construction of real estate assets”*
- *IFRIC 18 – “Transfer of assets from customers”*
- *SIC 31 – “Revenue: Barter transactions involving advertising services”*

Key changes arising from the adoption of IFRS 15

Revenue recognition

The core revenue recognition principle under IAS 18 was as follows:

- Sale of goods – revenue was recognized when the seller has transferred to the customer (buyer) the significant risks and rewards of ownership, measured at the fair value of the consideration received or receivable.
- Rendering of service – revenue was recognized by reference to the stage of completion of the transaction at the balance sheet date (the percentage of completion method) measured at the fair value of the consideration received or receivable.

IFRS 15 requires that revenue is recognized from contracts with customers based on a five step model as follows:

- identification of contracts with customer,
- identification of performance obligations in the contract,
- determination of transaction price,
- allocation of transaction price to performance obligations in the contract and
- recognition of revenue when the Company satisfies the performance obligation.

Measurement of revenue

Revenue comprises of sales to third parties and is measured based on the considerations specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognised, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer (buyer) control over the promised goods and services, either:

- at a point in time or
- over a time basis equivalent to the stage of completion of the service.

Transition

The Group has adopted IFRS 15, using the modified retrospective transitional method, taking into consideration the exemption allowing it not to restate the comparative financial information for the prior periods presented with respect to the changes resulting from the recognition and measurement of revenue and the corresponding adjustment to the carrying amounts of trade receivables.

Any difference in the amounts recognized as revenue and the corresponding carrying amounts of trade receivables, resulting from the adoption of IFRS 15, are recognized in the opening consolidated retained earnings as at 1 January 2018. Accordingly, the financial information presented for the year ended 31 December 2017 does not reflect the requirements of IFRS 15 and therefore is not comparable to the financial information presented for the 2018 financial year under IFRS 15.

Reconciliation of the revenue recognized under IFRS 15 with the revenue recognized under IAS 18

The impact of the adoption of IFRS 15 was not material and did not require any adjustment to the retained earnings as at 1 January 2018.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

New IFRS standards, amendments and interpretations not yet effective and not early adopted

At the date of authorization of these consolidated financial statements, the following new and amended IFRS accounting standards, which are applicable to the Group, were issued by the IASB but not yet effective. The Group is currently evaluating the impact that these new accounting standards, amendments and interpretations may have on its consolidated financial statements.

IFRS 16 - "Leases"

Nature of change

The IASB has issued a new standard IFRS 16 for the recognition of leases. This standard will replace:

- **IAS 17 - "Leases"**
- **IFRIC 4 - "Whether an arrangement contains a lease"**
- **SIC 15 - "Operating leases - Incentives"**
- **SIC-27 - "Evaluating the substance of transactions involving the legal form of a lease"**

Under IFRS 16, a lessee is required to:

- recognize all right-of-use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases, on the statement of financial position. The liability is initially measured at the present value of future lease payments for the lease term. This includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right-of-use assets reflects the lease liability, initial direct cost, any lease payments made before the commencement date of the lease, less any lease incentives and, where applicable, provisions for dismantling and restoration.
- recognize the depreciation of the right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss over the lease term and
- separate the total amount of cash paid into a principal portion (presented within financing activities) and an interest portion (which the Group presents in operating activities) in the consolidated statement of cash flows.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for a consideration.

The Group has not yet determined the expected IFRS 16 implementation impact on assets, liabilities, and equity with sufficient certainty to disclose amounts at this stage as the impact assessment is in process.

The Group's implementation work is progressing according to plan. The work has been completed on implementing the necessary changes to internal systems and processes. At the end of 2018, the following main policy choices have been made and form the basis for the Group's IFRS 16 implementation and application work:

IFRS 16 transition choices:

- IFRS 16 will be implemented retrospectively with the cumulative effect of initially recognizing the standard as an adjustment to the opening consolidated retained earnings at the date of initial application, and without restatement of prior periods' reported figures ("the modified retrospective method").
- Contracts already classified either as leases under IAS 17 or as non-lease service arrangements will maintain their respective classifications upon the implementation of IFRS 16.
- Leases with a less than 12 months remaining lease term at year-end 2018 will not be reflected as leases under IFRS 16.
- RoU assets will for most contracts initially be reflected at an amount equal to the corresponding lease liability.
- Short term leases (less than 12 months) and leases of low value assets will not be reflected in the consolidated statement of financial position, but will be expensed as incurred.
- Non-lease components within lease contracts will be accounted for separately for all underlying classes of assets, and reflected in the relevant expense category as incurred.

The most significant issue in application of IFRS 16 is the impact on certain mining and equipment rental contracts which are not finance leases under the current accounting standards (IAS 17 and IFRIC 4), but will potentially have the most impact on the Group's results on adoption of IFRS 16.

Mandatory application date / Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2019. Expected date of adoption by the Group is 1 January 2019.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

4.1. Basis of consolidation and equity accounting

Subsidiaries

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has all of the following three elements:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

Joint ventures

A joint venture exists where the Group has a contractual arrangements (rights and obligations) in place, with one or more parties, to undertake activities typically, however not necessarily, through a legal entity that is subject to joint control.

Interests in joint ventures are accounted for using the equity method of accounting. The investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of:

- the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss and
- the movements in other comprehensive income of the investee in the consolidated statement of other comprehensive income.

The Group's share of the results of joint ventures is based on the financial statements prepared up to consolidated statement of financial position date, adjusted to conform with the accounting policies of the Group, if any.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment when the right to receive a dividend is established.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.10.

4.2. Foreign currency translation

Foreign currency transactions are translated into SAR at the rate of exchange prevailing at the date the transaction first qualifies for recognition and are initially recorded by each entity in the Group.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

4.3. Revenue recognition

Revenue comprises of sales to third parties and is measured based on the considerations specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognised, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer (buyer) control over the promised goods and services, either:

- at a point in time or
- over a time basis equivalent to the stage of completion of the service.

The Group recognizes revenue from the following main sources:

a) Sale of the following goods directly to the customers:

- Phosphate fertilizer, ammonia and industrial minerals
- Alumina, primary aluminium products and flat rolled products
- Gold bullion (including by-products like copper, zinc and silver concentrate)

b) Rendering of the following services directly to the customers:

- Transportation of goods

The timing and measurement of revenue recognition for the above-mentioned main sources of revenue i.e. sales of goods and rendering of services directly to customers are as follows:

Sale of phosphate fertilizer, ammonia and industrial minerals

The Group, as principal, sells phosphate fertilizer, ammonia and industrial minerals products directly to customers and also through two marketing agents SABIC and The Mosaic Company, acting as agents, for the sale of phosphate fertilizer and ammonia.

The Group sells a significant proportion of its goods on Cost and freight ocean transport (“CFR”) International Commercial terms (“Incoterms”) and therefore, the Group is responsible for providing shipping services after the date at which control over the promised goods have passed to the customer at the loading port. The Group is therefore, responsible for the satisfaction of two performance obligations under its CFR contracts with the customers and recognizes revenue as follows:

- sale and delivery of goods at the loading port resulting in the transfer of control over such promised goods to the customer and recognizing the related revenue at a point in time basis and
- shipping services for the delivery of the promised goods to the customer’s port of destination and recognizing the related revenue over a time basis, equivalent to the stage of completion of the services.

At the loading port, quality and quantity control of the promised goods are carried out by independent internationally accredited consultants before the loading of the vessel, in accordance with the specifications contained in the contract. The physical loading of the approved promised goods on the vessel, satisfies the Group’s performance obligation and triggers the recognition of revenue at a point in time. Ma’aden has full discretion over the price to sell the goods.

The selling price includes revenue generated for the sale of goods and transportation services depending on the Incoterms contained in the contract with the customer. The selling price is therefore unbundled or disaggregated into these two performance obligations, being the sale of the promised goods and the transportation thereof and it is being disclosed separately.

The Group recognizes a trade receivable for the sale and delivery of the promised goods when the goods, delivered to the loading port, are loaded on to the vessel as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. However, the trade receivable related to the transportation service are recognized over time, if material, based on the stage of completion of service which is assessed at the end of each reporting period. The disaggregation between separate performance obligations is done based on the standalone selling price.

All shipping and handling costs incurred by the Group, in relation to the satisfaction of performance obligation for the transportation of the promised goods, under CFR contracts with the customers, are recognized as selling expenses in the consolidated statement of profit or loss.

Sale of alumina, primary aluminium products and flat rolled products

The Group, as principal, sells alumina, primary aluminium products and flat rolled products directly to customers and in accordance with the contract, the promised goods are provisionally priced. The sales price is not settled until a predetermined future date and is based on the market price at a time or over a pre-defined period of time. Revenue on these sales is initially recognized (when all the above criteria are met), at a provisional price based on the pricing mechanism as specified in the contract. Provisionally priced sales are marked-to-market at each reporting date using the forward price for the period equivalent to that outlined in the contract.

Sale of gold bullion and concentrates

The Group, as principal, sells gold bullion and by-products like copper, zinc and silver concentrate directly to customers under contract, which vary in tenure and pricing mechanisms. The Group's primary product is gold and the concentrates produced as part of the extraction process are considered to be by-products arising from the production of gold. Revenues from by-product sales are insignificant and are credited to production cost applicable to gold bullion sales as a by-product credit.

• Gold bullion sales

The Group primarily sell gold bullion in the spot market. The selling price is fixed on the date of sale based on the gold spot price and the revenue and related trade receivable is recognized, at a point in time basis, when the gold bullion is delivered to the airport, which is also the date, the place and the time that the control over the gold bullion is transferred to the customer.

Sales revenue is commonly subject to a quantity adjustment based on a fire assay of the gold bullion upon arrival at the refinery of the customer.

The sales revenue of a bullion bar is based on provisionally invoiced quantities. The Group uses the "expected value method" to recognize revenue on provisionally invoiced quantities. The revenue recognized is based on probability of gold content and includes in a range of possible consideration amounts.

• Metal concentrate sales

Revenue from the sale of metal concentrates (copper, zinc and silver) is based on selling prices that are provisionally set, for a specified future date after shipment, based on ruling market prices. Sales revenue and the related trade receivable is recognized, at a point in time basis, at the time of shipment, which is also the date that the control transfers to the customer.

The final selling price on such concentrates is settled within a predetermined future date and is based on the ruling market price at that time or over a quotation period stipulated in the contract. Revenue for provisionally priced metal concentrates is initially recognized at the current market price. However, subsequently at each reporting date, such provisionally priced sales are marked-to-market using the relevant forward market prices for the period stipulated in the contract. This marked-to-market adjustment is directly recognized in sales and in the carrying amount of the outstanding trade receivable.

Income from time deposits

Investment income on time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

4.4. Selling, marketing and logistic expenses

Selling, marketing and logistic expenses comprise of all costs for selling, marketing and transportation of the Group's products and include expenses for advertising, marketing fees, other sales related overheads and shipping and handling costs in relation to the satisfaction of performance obligation for the transportation of the promised goods, under CFR contracts with the customers. Allocation between selling, marketing and logistic expenses and cost of sales are made on a consistent basis, when required.

4.5. General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales or the selling, marketing and logistics activity of the Group. Allocation between general and administrative expenses and cost of sales are made on a consistent basis, when required.

4.6. Earnings per share

Basic and diluted earnings per share from continuing operations is calculated by dividing:

- the profit from continuing operations attributable to ordinary shareholders of the parent company
- by the weighted average number of ordinary shares outstanding during the financial year.

The Group has not issued any potential ordinary shares, therefore the basic and diluted earnings per share are the same.

Notes to the consolidated financial statements for the year ended 31 December 2018

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4.7. Mine properties and property, plant and equipment

Mine properties and property, plant and equipment

Freehold land is carried at historical cost and is not depreciated.

Mine properties and property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the asset and includes:

- the purchase price,
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management,
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that take a substantial period of time to get ready for their intended use, the applicable borrowing costs.

Mine properties are depreciated using the unit of production (“UOP”) method, based on economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied.

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is charged to the consolidated statement of profit or loss using the straight line method. Significant components of an item of mine properties and property, plant and equipment are separately identified and depreciated using the economic useful life of the component.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight line basis over their economic useful lives or the life-of-mine (“LOM”), whichever is the shorter.

Depreciation is charged to the consolidated statement of profit or loss to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

Categories of assets	Number of years
Mine properties	Using UOP method over the economically recoverable proven and probable reserves or straight line method over the economic useful life, whichever is shorter
Civil works	4 - 50
Buildings	9 - 40
Heavy equipment	5 - 40
Other equipment including mobile and workshop equipment, laboratory and safety equipment and computer equipment	4 - 40
Fixed plant	4 - 20
Office equipment	4 - 10
Furniture and fittings	4 - 10
Motor vehicles	4

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the consolidated statement of profit or loss as and when incurred.

The assets' residual values and estimated economic useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure is expensed in the year in which it is incurred.

Exploration expenditures relates to the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

- acquisition of the exploration rights to explore,
- topographical, geological, geochemical and geophysical studies,
- exploration drilling,
- trenching,
- sampling and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Evaluation expenditures relates to the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve,
- determining the optimal methods of extraction and metallurgical and treatment processes,
- studies related to surveying, transportation and infrastructure requirements in relation to both production and shipping,
- permitting activities and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

All exploration and evaluation costs are expensed until prospective mineral exploration project is identified as having economic development potential. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalised as a tangible asset, if management determines that future economic benefits could be generated as a result of these expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalised as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after management has concluded that economic benefit is more likely to be realized than not, i.e. “probable” and are capitalised as “Exploration and evaluation assets” only until the technical feasibility and commercial viability of extracting of the mineral resource are demonstrable. Once the technical feasibility and commercial viability is demonstrable i.e. economic benefit will or will not be realised, the asset is tested for impairment and any impairment loss is recognised.

Exploration and evaluation assets are carried at historical cost less impairment. Exploration and evaluation assets are not depreciated.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying whether or not exploration and evaluation assets may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed,
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned,
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that an exploration and evaluation asset may be impaired, the entity performs impairment and reversal of impairment on exploration and evaluation assets as specified in Note 4.10. Based on the final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute the mine, the exploration and evaluation asset is transferred to “Mine under construction”.

Once the commissioning phase is successfully completed and the declaration of commercial production stage has been reached, the capitalized “Mine under construction” is reclassified as “Operating mines”.

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the consolidated statement of cash flows.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

Stripping activity asset and stripping activity expense

Ma'aden incurs stripping (waste removal) costs during the development and production stages of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine in order to access the underlying ore deposit are capitalised prior to the commencement of commercial production. Such costs are then amortised over the remaining life of the ore body (for which access has improved), using the unit of production ("UOP") method over economically recoverable proven and probable reserves.

Stripping activities during production stage generally creates two types of benefits being as follows:

- production of inventory or
- improved access to a component of the ore body to be mined in the future.

Where the benefits are realized in the form of inventory produced in the period under review, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to a component of the ore body to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', provided that all the following conditions are met:

- it is probable that the future economic benefits associated with the stripping activity will be realized,
- the component of the ore body for which the access has been improved can be identified and
- the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the conditions are not met, the production stripping costs are charged to the consolidated statement of profit or loss, as production costs of inventories as they are incurred.

The stripping activity asset is initially measured at cost, being the directly attributable cost for mining activity which improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. Incidental operations occurring at the same time as the production stripping activity which are not necessary for the production stripping activity to continue as planned are not included in the cost of the stripping activity asset.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing mining asset, being a tangible asset (based upon the nature of existing asset) as part of mine properties in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less accumulated depreciation and any impairment losses.

4.8. Capital work-in-progress

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The mine under construction or the asset under construction or development is transferred to the appropriate category in mine properties or property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item intended by management. Costs associated with commissioning the items (prior to its being available for use) are capitalised net of the proceeds from the sale of any production during the commissioning period.

Borrowing costs related to qualifying assets are capitalised as part of the cost of the qualified assets until the commencement of commercial production.

Capital work-in-progress is measured at cost less any recognized impairment.

Capital work-in-progress is not depreciated.

Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

4.9. Intangible assets

Intangible assets acquired separately are initially recognised and measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, where applicable.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their respective economic useful lives, using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation methods, residual values and estimated economic useful lives are reviewed at least annually. The amortisation expense of intangible assets with finite lives is recognised in the consolidated statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following years:

Categories of intangible assets	Number of years
• Infrastructure (Contractual right-to-use)	35
• Internally developed software (ERP System)	4 – 10
• Technical development	5 – 7
• Software and licenses (mine related)	Over life-of-mine using straight line method

The Group tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognized.

4.10. Impairment of mine properties, property, plant and equipment, capital work-in-progress and intangible assets

At each reporting date, the Group reviews the carrying amounts of its mine properties, property, plant and equipment, capital work-in-progress and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal (“FVLCD”) or value-in-use (“VIU”). In assessing VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the consolidated statement of profit or loss.

Assets or CGUs (other than the goodwill component) for which an impairment loss had been previously recorded, could reverse the impairment loss allocated if, and only if, there has been a change in the estimates used in determining the asset’s or CGU’s recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or CGU. A reversal of an impairment loss is recognized in the operating section of the consolidated statement of profit or loss.

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4.11. Inventories

Finished goods

Saleable finished goods are measured at the lower of unit cost of production for the period or net realizable value. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Cost assigned to saleable inventories on hand at the reporting date, arising from the conversion process, is determined by the unit cost of production and comprises of:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the amortisation of any stripping activity assets,
- direct production overheads and
- the revenue generated from the sale of by-products is credited against production costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on the percentage of completion at the applicable stage and the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore, and production activities,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the amortisation of any deferred stripping assets and
- direct production overheads.

Net realizable value is the estimated selling price in the ordinary course of business using the same percentage of completion at the applicable stage, the estimated recoverable content less any selling expense.

Ore stockpiles

Ore stockpiles represent ore that has been extracted from the mine, and considered to be of future economic benefits under current prices and is available for further processing. If the ore stockpiles are not expected to be processed in the next 12 months after the reporting date, they are included in non-current assets. Cost of ore stockpiles is determined by using the weighted average cost method. If the ore is considered not to be economically viable, it is expensed immediately.

If there is significant uncertainty as to when the stockpiled ore will be processed, the cost is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and is economically viable, it is valued at the lower of cost of production or net realizable value. Quantities and grades of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spares and consumables

Spares and consumable inventory are valued at lower of cost or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow moving items, if any, is estimated at each reporting date.

Net realizable value is the estimated selling price less selling expenses.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value is the estimated selling price less selling expenses.

4.12. Trade and other receivables

Trade receivables

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debts.

The Group assesses on a forward looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under "General and administrative expenses".

When a trade receivable is uncollectible, it is written-off against the allowance for the doubtful debts in the consolidated statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debts to decrease, the decrease in the allowance for doubtful debts is reversed through the consolidated statement of profit or loss as per the staging criteria logic defined in the Group's policy.

Employees' home ownership program receivable

Certain companies of the Group have established an employees' home ownership program (HOP) that offers eligible employees the opportunity to buy housing units constructed by the company through a series of payments over a particular number of years. Ownership of the housing unit is transferred to the employee upon completion of the full payment (Note 4.20).

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home ownership program receivable upon signing of the sales contract with the eligible employees. The monthly installments paid by the employee towards the housing unit are repayable back to the employee in case the employee discontinues employment to the extent of the amounts paid in addition to the monthly housing allowance and the house is returned back to the company.

4.13. Time deposits

Time deposits include placements with banks and other short term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence a provision is recognised at an amount equal to 12 months' ECL, unless there is evidence of significant increase in credit risk of the counter party.

4.14. Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held at banks and time deposits with an original maturity of three months or less at the date of acquisition, which are readily convertible in to known amounts of cash and that are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents that are not available for use by the Group and are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the employees' savings plan program, see Notes 4.20 and 30.

4.15. Financial instruments and financial assets and financial liabilities

The Group recognizes a financial asset or a financial liability in its consolidated statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. The Group recognizes all of its contractual rights and obligations under derivatives in its consolidated statement of financial position as assets and liabilities.

Derivative instruments

The Group utilizes derivative instruments to manage certain market risk exposures. The Group does not use derivative financial instruments for speculative purposes, however, it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Interest rate swap contracts

The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its long term-borrowings (Note 48.1.2).

In respect of financial assets the Group's policy is to invest free cash at floating rates of interest and to maintain cash reserves in time deposits (less than one year) in order to maintain liquidity.

Other financial liabilities (excluding long term-borrowings and obligations under finance leases) are primarily non-interest bearing.

Forward exchange contracts

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of movements in foreign exchange rates. The Saudi Riyal is pegged at SAR 3.75:USD 1, therefore the Group is not exposed to any risks from USD denominated financial instruments (Note 48.1.1).

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The Group's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts are with international customers (Note 6.3) and are USD priced and so is the bulk of the procurement and capital expenditure contracts.

The Group does not use forward exchange contracts.

Commodity contracts

The Group's earnings are exposed to movements in the prices of the commodities it produces (Note 48.1.3).

The Group's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Provisional price contracts

Certain of the Group's sales are provisionally priced, meaning that the final selling price is normally determined 30 to 180 days after the delivery to the customer, based on the quoted market price stipulated in the contract and as a result are susceptible to future commodity price movements.

At each reporting date, subsequent to the initial sale, the provisionally priced trade receivables are marked-to-market using the relevant forward market prices for the period stipulated in the contract. This marked-to-market adjustment is directly recognized in sales and the carrying amount of the outstanding trade receivable.

Financial assets and financial liabilities

The Group's principal financial assets include:

- jointly controlled entities (equity accounted for) - (Accounting policy 4.1),
- other investment in securities, where the Group's intention is to hold it to maturity,
- derivative financial assets,
- trade and other receivables - excluding pre-payments and zakat / income tax receivables - (Accounting policy 4.12),
- time deposits (Accounting policy 4.13) and
- cash and cash equivalents (Accounting policy 4.14)

They are derived directly from the Group's operations.

The Group's principal financial liabilities are comprised of:

- long-term borrowings (Accounting policy 4.16),
- obligations under finance leases (Accounting policy 4.19),
- derivative financial instruments,
- projects, trade and other payables - excluding zakat / income tax liabilities and employees' end of service termination benefits obligations - (Accounting policy 4.21) and
- accrued expenses (Accounting policy 4.21)

The main purpose of these financial liabilities is to finance the Group's operations and to guarantee support for the operations.

Recognition

Financial assets are initially recognized at fair value on the trade date, including directly attributable transaction costs.

A trade receivable without a significant financing component is recognized at its transaction price.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

Subsequently, financial assets are carried at fair value or at amortized cost less impairment.

Financial liabilities are initially recognized at fair value of the consideration received net of any directly attributable transaction costs, as appropriate. Subsequently, financial liabilities are carried at amortized cost.

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any).

Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest rate method.

Classification

Financial assets are classified into one of the following three categories, based on the business model in which the financial asset and its contractual cash flow characteristics are managed:

- measured at amortized cost (“AC”),
- fair value through profit or loss (“FVTPL”) and
- fair value through other comprehensive income (“FVOCI”).

Derivatives embedded in contracts where the host is a financial asset are never bifurcated and the whole hybrid instrument is assessed for classification.

Financial liabilities are classified and subsequently measured at amortized cost except for the following:

- financial liabilities that arise when a transfer of a financial asset do not qualify for de-recognition or when the continuing involvement approach applies,
- financial guarantee contracts which are measured at the higher of the amount of loss allowance and the amount initially recognized and
- commitments to provide a loan at below market interest rate which shall be measured at the higher of the amount of loss allowance, the amount initially recognized and the contingent consideration in case of a business combination.

Impairment and uncollectibility of financial assets

At each reporting date, the Group measures the loss allowance for a financial asset (using the Expected credit loss model) at an amount equal to the lifetime expected credit losses, if the credit risk on that financial asset has increased significantly since initial recognition.

However, if at the reporting date the credit risk on that financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to 12 month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Regardless of the change in credit risk, loss allowances on trade receivables that do not contain a significant financing component are calculated at an amount equal to lifetime expected credit losses.

Such impairment losses are recognized in the consolidated statement of profit or loss

Offsetting a financial asset and a financial liability

A financial asset and liability is offset and the net amount reported in the consolidated financial statements when the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Derecognition of financial instruments

The Group derecognizes a financial asset only when the contractual rights to receive cash flows from the financial assets have expired, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

Gains and losses arising on derecognition of financial assets are recognized in the consolidated statement of profit or loss.

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized as a gain or a loss in the consolidated statement of profit or loss.

Long-term borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized as a gain in consolidated statement of profit or loss as other income or finance cost.

4.16. Long-term borrowings

Long-term borrowings are initially recognised at their fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest rate method.

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Up-front fees paid on the establishment of the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the qualifying asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the consolidated statement of profit or loss.

4.17. Provisions

Provisions are recognised when the Group has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate, and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

4.18. Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Group normally give rise to obligations for mine closure, decommissioning, site rehabilitation and plant dismantling (collectively referred to as “decommissioning site rehabilitation and dismantling obligations”). Decommissioning and site restoration work can include:

- facility decommissioning and dismantling of plant and buildings,
- removal or treatment of waste materials and
- site and land rehabilitation.

The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations.

The full estimated cost is discounted to its present value and capitalised as part of “Mine under construction” and once it has been transferred to “Mine properties” it is then depreciated as an expense over the expected life-of-mine using the UOP method.

Costs included in the provision include all decommissioning obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning expenditure is dependent upon a number of factors such as:

- the life-of-mine,
- developments in technology,
- the operating license conditions,
- the environment in which the mine operates and
- changes in economic sustainability.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the mine related asset. Factors influencing those adjustments include:

- revisions to estimated ore reserves, mineral resources and lives of mines,
- developments in technology,
- regulatory requirements and environmental management strategies,
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation and
- changes in economic sustainability.

4.19. Leasing

Leases are classified as finance leases whenever the lease transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee. Finance leases are capitalised on the lease's commencement date at the lower of the fair value of the leased property or the present value of the minimum future lease payments.

Each finance lease payment is allocated between settling the principal amount of the liability and the finance cost. The corresponding lease obligations, net of finance cost, are included in non-current liabilities. The finance cost element is charged to the consolidated statement of profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period. An asset acquired under finance leases is depreciated over the shorter of the economic useful life of the asset or the lease term.

All other leases are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of profit or loss on a straight line basis over the term of the operating lease.

4.20. Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and is optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR300 per month.

The Group will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years thereafter until it reaches 100% in the 10th year and will continue contributing 100% from year 11 onwards, which will in turn be credited to the savings accounts of the employee. The Group's portion is charged to the consolidated statement of profit or loss on a monthly basis. The Group's portion will only be paid to the employee after the expiry of 10 years upon termination or resignation.

Other short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled in full, within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Employees' home ownership program

The program has three categories:

Housing project

Certain companies within the Group have established the employees' home ownership program (HOP) that offer eligible employees the opportunity to buy housing units constructed by these subsidiaries through a series of payments over a particular number of years. Ownership of the housing unit is transferred upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' receivable upon the signing of the sales contract with the eligible employees. The monthly installments paid by the employee towards the housing unit are repayable back to the employee in case the employee discontinues employment to the extent of the amounts paid in addition to the monthly housing allowance and the house is returned back to the Group.

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Home loan

Certain companies within the Group provide an interest free loan to an eligible employee to purchase or build his own house by mortgaging the property in the company's name as a security. The repayment of the loan is deducted from the employee's salary in monthly installments.

The interest cost associated with the funding of the acquisition or construction of the employee's house is borne by the Company in accordance with the approved HOP, and expensed as part of finance cost.

HOP furniture loan

Certain companies within the Group provide a furniture loan to an eligible employee which is to be written-off equally over a five-year period. In case the employee resigns or his services is terminated for any reason before completion of the stated period, the employee will be required to pay the remaining balance of the furniture loan.

Employees' end-of-service termination benefits obligation

The liability recognized in the consolidated statement of financial position, in respect to the defined end-of-service-benefits obligation, is the present value of the employees' end-of-service termination benefits obligation at the end of the reporting period. The employees' end of service termination benefits obligation is calculated annually by independent actuaries using the projected unit credit method.

Since the Kingdom of Saudi Arabia has no deep market in high-quality corporate bonds, the market rates of high-quality corporate bonds of the United States of America are used to present the value of the employees' end of service termination benefits obligation by discounting the estimated future cash outflows.

The net finance cost is calculated by applying the discount rate to the net balance of the employees' end-of-service termination benefits obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the consolidated statement of other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the employees' end-of-service termination benefits obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

4.21. Projects, other payables and accrued expenses

Liabilities in respect to contract costs for capital projects (including trade payables) are recognised at amounts to be paid for goods and services received. The amount recognised is discounted to the present value of the future obligations using the respective entity's incremental borrowing rate; unless they are due in less than one year.

Liabilities in respect of other payables are recognised at amounts expected to be paid for goods and services received.

4.22. Zakat, income tax, withholding tax and deferred tax

Companies with only Saudi shareholders

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax (the "GAZT"). A provision for zakat for the Company and zakat related to the Company's wholly owned subsidiaries is estimated at the end of each reporting period and charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Mix companies with foreign shareholders

The subsidiaries with foreign shareholders are subject to zakat for their Saudi shareholders and income tax for their foreign shareholders in accordance with the regulations of the GAZT. A provision for zakat and income tax for the mix companies is charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Zakat and income tax related to the minority shareholders in certain subsidiaries are included in their share of non-controlling interest in the consolidated statement of profit or loss.

The tax expense includes the current tax and deferred tax charge recognised in the consolidated statement of profit or loss.

Current tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the consolidated statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.23. Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), the Group is required to pay to the Government of Saudi Arabia a severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of profit or loss (Notes 8 and 44).

However, the minimum severance fee payable for a small mine license based on sales is:

Minerals	Basis	Rate per metric tonne
Low grade bauxite	Actual metric tonnes sold	SAR 1.50
Kaolin	Actual metric tonnes sold	SAR 2.25
Magnesia / Dead burned magnesia / Monolithic	Actual metric tonnes sold	SAR 4.50

The minimum severance fee payable is SAR 90,000 if the minimum mining capacity is not achieved. Provision for severance fees is charged to the cost of sales in the consolidated statement of profit or loss and is not included in the valuation of inventory.

5. Critical accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS and other standards and pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Group's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying accounting disclosures, and the disclosures of contingent liabilities at the date of the consolidated financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

5.1. Critical accounting judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recorded in the consolidated financial statements:

- economic useful lives of mine properties, property, plant and equipment
- impairment and the reversal of impairment
- zakat and income tax
- exploration and evaluation expenditure
- stripping costs
- commercial production start date

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

Economic useful lives of mine properties, property, plant and equipment

The Group's assets, classified within mine properties, are depreciated / amortized on a UOP basis over the economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life-of-mine, in which case the straight line method is applied. When determining the life-of-mine, assumptions that were valid at the time of estimation may change when new information becomes available.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves,
- the grade of ore reserves varying significantly from time to time,
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves,
- unforeseen operational issues at mine sites and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciation of mine properties and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

The Group's assets, classified within property, plant and equipment, are depreciated on a straight line basis over their economic useful lives.

Impairment and the reversal of impairment

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Zakat and income tax

The Company and its three wholly owned subsidiaries are subject to zakat, whereas the subsidiaries with foreign shareholders are subject to zakat for their Saudi shareholders and income tax for their foreign shareholders in accordance with the regulations of the GAZT.

A provision for zakat and income tax is estimated at the end of each reporting period in accordance with the regulations of the GAZT and on a yearly basis zakat and income tax returns are submitted to the GAZT. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permit a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to giving access to a component of the ore body to be mined in the future, which then gives rise to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body is the most suitable production measure.

Commercial production start date

Commercial production is achieved when assets are capable of operating in the manner envisaged by the entity's management which is generally when the mining related assets are capable of operating continuously at a nominated percentage of design capacity.

The decision on when commercial production for mining related assets is achieved is however judgmental and should be based on discussions between the accountants, engineers and metallurgists. Consideration should be taken of the following list of non-exhaustive factors, such as:

- a nominated percentage of design capacity for a mine or a mill,
- mineral recoveries at or near expected levels,
- achievement of continuous production and
- the level of future capital expenditure still to be incurred.

Various aspects of the mining / production process (e.g. mine, mill, refinery, processing plant, etc.) need to be considered separately when concluding on when commercial production has commenced, especially if one aspect of the process has commenced production in advance of the others. Once the mine is capable of commercial production, depreciation should commence.

5.2. Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

- mineral resource and ore reserve estimates,
- mine decommissioning obligation,
- allowances for obsolete and slow moving spare parts and
- contingencies.

Mineral resource and ore reserve estimates

There is a degree of uncertainty involved in the estimation and classification of mineral resource and ore reserve and corresponding grades being mined or dedicated to future production. Until mineral resource and ore reserve are actually mined and processed, the quantity of mineral resource and ore reserve grades must be considered as estimates only. Further, the quantity of mineral resource and ore reserve may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Group have been determined based on long-term commodity price forecasts and cut-off grades. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

Fluctuation in commodity prices, the results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Group's ability to extract these mineral contents, could have a material adverse effect on the Group's business, prospects, financial condition and operating results.

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(All amounts in Saudi Riyals unless otherwise stated)

Mine decommissioning obligation

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates. Provision is made for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

Allowances for obsolete and slow moving spare parts

The Group also creates an allowance for obsolete and slow-moving spare parts. At 31 December 2018, the allowance for obsolete slow-moving items amounted to SAR 92,692,378 (31 December 2017: SAR 46,680,286). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year (Note 27.1).

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

6. Segmental information

Segment reporting

Operating business segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Group has appointed a committee (the Management Committee) which assesses the financial performance and position of the Group, and makes strategic decisions. The Management Committee is comprised of the President and Chief Executive Officer and other senior management personnel.

6.1. Business segment

A business segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses,
- the results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment and
- for which discrete financial information is available.

Transactions between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

The accounting policies used by the Group in reporting business segments internally are the same as those contained in Note 4 of the consolidated financial statements.

The Group's operations consist of the following business segments:

Phosphate Strategic Business Unit Segment, consist of operations related to:

- **MPC** - the mining and beneficiation of phosphate concentrated rock at Al-Jalamid. The utilization of natural gas and sulphur to produce Phosphate fertilizers as well as ammonia products at Ras-Al-Khair.
- **IMC** - the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az-Zabirah and a high grade magnesite mine at Al-Ghazallah and the VSK processing plant at Al-Madinah Al-Munawarah.
- **MWSPC** - the development of a mine to exploit the Al-Khabra phosphate deposit. The company declared commercial production on 2 December 2018, except for the ammonia plant for which commercial production was declared on 1 January 2017.
- **Phosphate and Industrial Minerals division under Corporate** - related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
- **MIC** - is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 33% proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

Aluminium Strategic Business Unit Segment, consists of the operations related to:

- **MBAC** – the mining of bauxite at the Al-Ba'itha mine and the transportation thereof to its refinery at Ras Al Khair. The alumina from MBAC is then processed at MAC. The refinery declared commercial production on 1 October 2016.
- **MAC** – operates the smelter at Ras-Al-Khair and it currently processes the alumina feedstock that it purchases from MBAC and produces aluminium products. MAC declared commercial production on 1 September 2014.
- **MRC** – the construction of the rolling mills have been completed and the company has declared commercial production on 9 December 2018.
- **Automotive sheet project** includes automotive heat treated and non-treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage.
- **Aluminium division under Corporate** – related cost and external sales revenue have been allocated to this segment.
- **MIC** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 67% proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

Precious and Base Metals Strategic Business Unit Segment, consists of operations related to:

- **MGBM** – that operates five gold mines, i.e. Mahd Ad-Dahab, Al-Amar, Bulghah, As-Suq and Ad-Duwayhi and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
- **MBCC** – a joint venture that produces copper and various by-products located in the southeast of Al Madinah Al Munawarah. MBCC started commercial production on 1 July 2016.
- **Precious and base metals division under Corporate** – related cost and exploration expenses in Ma'aden Corporate have been allocated to this segment.

Corporate

- Is responsible for effective management and governance including funding of subsidiaries and joint ventures that carry out various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products.

Notes to the consolidated financial statements for the year ended 31 December 2018

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6.2. Business segment financial information

	Notes	Phosphate
31 December 2018		
Sales of goods and services to external customers	6.3,7	6,526,171,154
Gross profit		2,435,110,832
Net profit / (loss) before zakat and income tax		
Less: Income from time deposits	13	(1,868,678)
Add: Finance cost	14	567,155,579
Net profit / (loss) before net finance income / (cost), zakat and income tax		
<u>Operating special items and re-measurements</u>		
Less: (Reversal) / impairment of non-current assets, net	12	-
Add: Non-operating other (expenses) / income, net	15	4,533,631
Less: Share in net profit of a joint venture	21.1.3	-
Underlying EBIT		
Add: Depreciation and amortization		1,308,644,406
Underlying EBITDA		
3,290,106,157		
Net profit / (loss) attributable to shareholders of the parent company		
984,613,329		
Mine properties	17	6,058,767,989
Property, plant and equipment	18	34,878,050,706
Capital work-in-progress	19	798,186,784
Intangible assets	20	79,112,741
Investment in a joint venture	21	-
Total assets		48,210,822,839
Long-term borrowings	36.7	29,524,991,096
Obligation under finance lease	38	-
Total liabilities		32,603,790,243

	Aluminium	Precious and base metals	Corporate	Total
	5,668,251,288	1,976,337,478	-	14,170,759,920
	1,992,370,637	674,401,183	-	5,101,882,652
	750,229,795	604,412,378	(231,889,246)	2,534,394,146
	(3,132,770)	-	(118,940,674)	(123,942,122)
	1,095,315,896	51,175,867	39,756,278	1,753,403,620
	1,842,412,921	655,588,245	(311,073,642)	4,163,855,644
	(65,059,239)	18,579,156	-	(46,480,083)
	(12,705,194)	9,930,355	1,566,818	3,325,610
	-	(143,535,306)	-	(143,535,306)
	1,764,648,488	540,562,450	(309,506,824)	3,977,165,865
	1,421,577,773	442,332,758	20,676,499	3,193,231,436
	3,186,226,261	982,895,208	(288,830,325)	7,170,397,301
	632,241,436	590,810,902	(359,748,587)	1,847,917,080
	1,456,889,667	2,529,385,198	-	10,045,042,854
	31,472,799,563	6,941,191	124,561,684	66,482,353,144
	1,380,055,843	1,799,378	16,987,280	2,197,029,285
	199,861,130	15,938,223	45,275,788	340,187,882
	345,934,239	1,077,591,845	-	1,423,526,084
	39,655,652,814	4,150,514,327	6,012,276,032	98,029,266,012
	24,040,406,366	1,001,090,866	-	54,566,488,328
	-	27,183,780	-	27,183,780
	26,654,979,891	1,612,290,003	463,779,627	61,334,839,764

Notes to the consolidated financial statements for the year ended 31 December 2018

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6.2. Business segment financial information (continued)

	Notes	Phosphate
31 December 2017		
Sales of goods and services to external customers	6.3,7	5,461,224,495
Gross profit		1,867,195,503
Net profit / (loss) before zakat and income tax		937,104,902
Less: Income from time deposits	13	(3,477,570)
Add: Finance cost	14	466,181,309
Net profit / (loss) before net finance income / (cost), zakat and income tax		1,399,808,641
<u>Operating special items and re-measurements:</u>		
Add: Impairment of non-current assets, net	12	-
Add: Non-operating other (expenses) / income, net	15	17,257,193
Less: Share in net profit of a joint venture	21.1.3	-
Underlying EBIT		1,417,065,834
Add: Depreciation and amortization		1,127,967,078
Underlying EBITDA		2,545,032,912
Net profit / (loss) attributable to shareholders of the parent company		640,361,277
Mine properties	17	4,943,241,944
Property, plant and equipment	18	15,610,933,567
Capital work-in-progress	19	21,030,769,552
Intangible assets	20	86,896,716
Investment in joint ventures	21	-
Total assets		45,861,745,801
Long-term borrowings	36.7	28,369,128,044
Obligation under finance lease	38	-
Total liabilities		31,265,446,048

Aluminium	Precious and base metals	Corporate	Total
5,031,550,231	1,593,159,444	-	12,085,934,170
1,427,175,664	639,133,437	-	3,933,504,604
(331,728,810)	529,649,232	(201,821,343)	933,203,981
(3,309,962)	-	(70,709,111)	(77,496,643)
1,067,551,623	53,088,597	29,184,435	1,616,005,964
732,512,851	582,737,829	(243,346,019)	2,471,713,302
522,354,346	-	-	522,354,346
444,749	1,000,615	47,498,975	66,201,532
-	(101,650,424)	-	(101,650,424)
1,255,311,946	482,088,020	(195,847,044)	2,958,618,756
1,362,227,713	338,744,184	20,642,140	2,849,581,115
2,617,539,659	820,832,204	(175,204,904)	5,808,199,871
(183,046,140)	517,064,487	(259,537,738)	714,841,886
1,420,759,553	2,734,031,950	-	9,098,033,447
28,693,443,136	12,848,842	133,707,243	44,450,932,788
5,252,622,714	86,878,993	39,198,718	26,409,469,977
216,256,255	21,581,350	20,889,139	345,623,460
-	934,056,539	-	934,056,539
39,950,561,537	4,291,293,331	5,013,395,641	95,116,996,310
24,369,956,783	1,156,772,912	-	53,895,857,739
13,592,151	48,255,936	-	61,848,087
27,049,649,164	1,673,267,341	598,654,239	60,587,016,792

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6.3. Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in the Kingdom of Saudi Arabia and therefore all the non-current assets of the Group are located within the Kingdom of Saudi Arabia.

The Group's geographical distribution of revenue generation by destination for the year ended is as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2018						
International						
Indian subcontinent and Asia-Pacific		4,608,663,724	1,319,894,504	-	-	5,928,558,228
Brazil, Singapore, GCC MENA, Europe, Latin America and North America		879,535,863	2,824,832,967	7,742,530	-	3,712,111,360
Switzerland and others		994,632,486	758,682,115	1,968,594,948	-	3,721,909,549
Sub-total		6,482,832,073	4,903,409,586	1,976,337,478	-	13,362,579,137
Domestic		43,339,081	764,841,702	-	-	808,180,783
Total	6.2.7	6,526,171,154	5,668,251,288	1,976,337,478	-	14,170,759,920

31 December 2017

International

Indian subcontinent and Asia-Pacific		3,811,780,222	1,133,740,902	-	-	4,945,521,124
Brazil, Singapore, GCC MENA, Europe, Latin America and North America		705,713,599	2,345,321,499	3,993,525	-	3,055,028,623
Switzerland and others		897,149,773	939,798,617	1,589,165,919	-	3,426,114,309
Sub-total		5,414,643,594	4,418,861,018	1,593,159,444	-	11,426,664,056
Domestic		46,580,901	612,689,213	-	-	659,270,114
Total	6.2.7	5,461,224,495	5,031,550,231	1,593,159,444	-	12,085,934,170

The Group's geographical distribution of external revenue by major customers and by destination for the year ended are as follows:

	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2018					
Customer No. 1 - Switzerland	-	-	1,845,612,416	-	1,845,612,416
Customer No. 2 - Spain	-	1,165,530,810	-	-	1,165,530,810
Customer No. 3 - Indian subcontinent	916,534,000	-	-	-	916,534,000
31 December 2017					
Customer No. 1 - Switzerland	-	-	1,428,230,236	-	1,428,230,236
Customer No. 2 - Spain	-	1,192,670,053	-	-	1,192,670,053
Customer No. 3 - Indian subcontinent	623,467,500	-	-	-	623,467,500

The Group's revenue generation by product for the year ended are as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2018						
Ammonia phosphate fertilizer and ammonia		6,379,472,645	-	-	-	6,379,472,645
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		146,207,308	-	-	-	146,207,308
Primary aluminium		-	4,952,634,955	-	-	4,952,634,955
Alumina		-	536,654,160	-	-	536,654,160
Flat rolled products		-	177,964,887	-	-	177,964,887
Gold		-	-	1,976,337,478	-	1,976,337,478
Infrastructure (rendering of services)		491,201	997,286	-	-	1,488,487
Total	6.2, 7	6,526,171,154	5,668,251,288	1,976,337,478	-	14,170,759,920
31 December 2017						
Ammonia phosphate fertilizer and ammonia		5,350,833,240	-	-	-	5,350,833,240
Low grade bauxite, caustic calcined magnesia and dead burned magnesia		110,187,810	-	-	-	110,187,810
Primary aluminium		-	4,991,567,481	-	-	4,991,567,481
Alumina		-	39,569,695	-	-	39,569,695
Gold		-	-	1,593,159,444	-	1,593,159,444
Infrastructure (rendering of services)		203,445	413,055	-	-	616,500
Total	6.2, 7	5,461,224,495	5,031,550,231	1,593,159,444	-	12,085,934,170

All the subsidiaries and joint venture entities listed in Notes 2 and 6.1, are incorporated in the Kingdom of Saudi Arabia.

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7. Sales

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Phosphate segment			
Ammonia phosphate fertilizer and ammonia			
• Sale of goods		6,196,963,606	5,350,833,240
• Rendering of transportation services		182,509,039	-
		6,379,472,645	5,350,833,240
Industrial minerals			
• Sale of goods		143,392,988	110,187,810
• Rendering of transportation services		2,814,320	-
		146,207,308	110,187,810
Sub-total		6,525,679,953	5,461,021,050
Aluminium segment			
Primary aluminium			
• Sale of goods		4,923,055,728	4,991,567,481
• Rendering of transportation services		29,579,227	-
Alumina			
• Sale of goods		536,654,160	39,569,695
Flat rolled products			
• Sale of goods		177,964,887	-
Sub-total		5,667,254,002	5,031,137,176
Precious and base metals segment			
Gold			
• Sale of goods		1,976,337,478	1,593,159,444
Infrastructure			
• Rendering of services		1,488,487	616,500
Total	6.2, 6.3, 6.4, 7.1	14,170,759,920	12,085,934,170

7.1. Timing of revenue recognition

At a point in time			
• sale of goods		13,954,368,847	12,085,317,670
• rendering of services		1,488,487	616,500
Sub-total		13,955,857,334	12,085,934,170
Over a period of time			
• rendering of transportation services		214,902,586	-
Total	7	14,170,759,920	12,085,934,170

7.2. Gold sales analysis

Quantity of gold ounces (Oz) sold		416,882	333,381
Average realized price per ounce (Oz) in:			
US\$		1,264	1,274
Saudi Riyals (equivalent)		4,741	4,779

8. Cost of sales

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Salaries and staff related benefits		1,117,358,371	1,025,637,579
Contracted services		759,646,056	734,263,487
Repairs and maintenance		128,800,581	117,064,675
Consumables		191,770,765	134,087,056
Overheads		710,197,911	604,915,523
Raw material and utilities consumed		3,644,476,588	3,064,677,198
Sale of by-products	8.1	(73,197,088)	(90,852,704)
Inventory losses		-	8,388,636
Obsolete and slow moving spare parts and consumable materials written-off	27	1,386,960	4,058,354
Allowance for inventory obsolescence	27.1	46,012,092	30,826,957
Severance fees	44	123,792,353	73,093,714
Total cash operating costs		6,650,244,589	5,706,160,475
Depreciation of mine properties	17.1	625,842,414	505,285,879
Depreciation of property, plant and equipment	18.1	2,491,025,761	2,287,053,143
Amortisation of intangible assets	20.1	24,906,059	20,294,014
Total operating costs		9,792,018,823	8,518,793,511
Increase in inventory	24,27	(723,141,555)	(366,363,945)
Total		9,068,877,268	8,152,429,566

8.1. Sale of by-products by MGBM comprise of the following commodities:

Copper		28,749,317	34,700,739
Zinc		36,994,356	48,263,728
Silver		7,453,415	7,888,237
Total	8	73,197,088	90,852,704

9. Selling, marketing and logistic expenses

	Year ended 31 December 2018	Year ended 31 December 2017
Salaries and staff related benefits	49,198,699	45,418,518
Contracted services	10,377,094	6,991,550
Freight and overheads	242,878,852	177,529,820
Consumables	359,171	184,760
Marketing fees and deductibles	234,790,517	273,102,217
Other selling expenses	28,204,336	27,650,630
Total	565,808,669	530,877,495

Notes to the consolidated financial statements for the year ended 31 December 2018

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10. General and administrative expenses

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Salaries and staff related benefits		268,535,969	201,964,648
Contracted services		96,847,935	79,542,650
Overheads and other		42,976,612	64,428,407
Consumables		1,690,510	1,627,255
Repair parts		5,077,582	586,964
Depreciation of mine properties	17.1	392,830	392,830
Depreciation of property, plant and equipment	18.1	34,339,593	26,928,555
Amortisation of intangible assets	20.1	12,164,081	6,335,751
ECL allowance		1,445,056	-
Trade and other receivables	28.1	185,390	-
Time deposits	29.1	1,259,666	-
Total		463,470,168	381,807,060

11. Exploration and technical services expenses

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Salaries and staff related benefits		37,350,461	28,530,175
Contracted services		44,073,956	25,802,021
Overheads and other		6,165,878	3,003,498
Consumables		2,911,346	1,308,357
Repair parts		375,611	266,299
Depreciation of mine properties	17.1	146,585	146,585
Depreciation of property, plant and equipment	18.1	3,984,491	3,144,358
Amortisation of intangible assets	20.1	429,622	-
Total		95,437,950	62,201,293

12. Reversal / (impairment) of non-current assets, net

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Mining capital work-in-progress written-off	17	(18,579,156)	-
Plant and equipment written-off	18	-	(45,354,346)
Impairment of capital work-in-progress	19	(280,875,000)	(446,250,000)
Reversal / (impairment) of investment in a joint venture	21.2.3	345,934,239	(30,750,000)
Total	6.2	46,480,083	(522,354,346)

13. Income from time deposits

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Income from time deposits – measured at amortised cost	6.2	123,942,122	77,496,643

14. Finance cost

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Public Investment Fund		460,295,707	354,174,576
Saudi Riyal procurement		99,696,350	258,351,526
Commercial		101,423,551	55,658,912
US Dollar procurement		19,205,809	55,101,085
Wakala		31,466,030	65,908,680
Saudi Industrial Development Fund		20,433,468	19,890,000
Riyal Murabaha facility		565,951,911	382,248,125
Sukuk facility		113,989,474	-
Revolving credit facility		20,756,250	24,187,500
Others		32,768,962	43,755,761
Sub-total		1,465,987,512	1,259,276,165
Amortization of revolving loan transaction cost	24	14,250,000	-
Amortization of transaction cost on long-term borrowings	36.10	192,978,189	274,320,433
Accretion of provision for mine decommissioning obligations	37.1, 37.2, 37.3, 37.4	23,545,681	18,047,031
Unwinding of discount of non-current obligations under finance lease	38.1	2,599,659	5,307,249
Net accrued settlement of derivative interest	39	1,948,045	-
Finance cost on employees' end of service termination benefits obligation	40.1	20,817,693	19,429,917
Unwinding of discount of long-term retention payable	41.1	31,276,841	39,625,169
Total	6.2, 14.1	1,753,403,620	1,616,005,964

14.1. Summary of finance cost

Expensed during the year	14	1,753,403,620	1,616,005,964
Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the year	19	549,836,633	495,873,199
Amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the year	19, 36.10	29,464,834	40,484,382
Total		2,332,705,087	2,152,363,545

15. Other expenses / (income), net

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Withholding taxes related to prior years		-	28,954,944
Provision for research and development fund	41.2	4,524,918	6,534,222
Provision for community development fund	41.2	4,524,918	6,534,221
(Gain) / loss on exchange difference	48.1.1	(3,027,391)	2,011,643
Award paid to a contractor in a legal case		9,402,909	-
Purchase order price adjustment		1,967,810	26,788,319
Gain from supply of electricity to Saudi Ports Authority		(8,479,684)	-
Others, net		(5,587,870)	(4,621,817)
Total	6.2	3,325,610	66,201,532

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(All amounts in Saudi Riyals unless otherwise stated)

16. Earnings per ordinary share

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Profit attributable to ordinary shareholders of the parent company		1,847,917,080	714,841,886
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	31	1,168,478,261	1,168,478,261
Basic and diluted earnings per ordinary share from continuing operations		1.58	0.61

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

17. Mine properties

	Notes	Exploration and evaluation assets	Mines under construction	Fixed plant and heap leaching*	Mine infrastructure / buildings
Cost					
1 January 2017		269,803,530	2,319,071,679	4,603,694,631	1,927,739,705
Additions during the year		37,072,561	177,279,156	6,402,090	-
Transfers within mine properties		-	(164,408,974)	123,358,627	10,415,047
Transfer from capital work-in-progress	19	-	-	-	-
Increase in mine closure and rehabilitation provision	37.1	-	-	-	-
Adjustments		-	-	(1,526,053)	-
31 December 2017		306,876,091	2,331,941,861	4,731,929,295	1,938,154,752
Additions during the year		26,649,682	13,099,807	6,714,030	-
Transfers within mine properties		-	(2,345,041,668)	1,287,793,755	98,354,677
Written-off during the year	12	-	-	-	-
Transfers (to) / from property, plant and equipment	18	-	-	(2,621,893)	2,307,927
Transfer (to) / from capital work-in-progress	19	(3,032,320)	-	500,983,074	213,581,168
Increase in mine closure and rehabilitation provision	37.2, 37.3	-	-	-	-
31 December 2018		330,493,453	-	6,524,798,261	2,252,398,524
Accumulated depreciation					
1 January 2017		-	-	1,104,639,978	445,743,189
Charge for the year	17.1	-	-	276,988,539	77,807,107
Adjustments / reclassifications		-	-	(593,465)	-
31 December 2017		-	-	1,381,035,052	523,550,296
Charge for the year	17.1	-	-	312,636,750	145,117,114
Transfers (to) / from property, plant and equipment	18	-	-	(4,915,001)	2,513,637
31 December 2018		-	-	1,688,756,801	671,181,047
Net book value as at					
31 December 2017	6.2	306,876,091	2,331,941,861	3,350,894,243	1,414,604,456
31 December 2018	6.2	330,493,453	-	4,836,041,460	1,581,217,477

* Mine properties includes plant and equipment acquired as part of finance lease (Note 17.3).

Operating mines

Civil works	Heavy equipment*	Others*	Mine closure and rehabilitation provision	Stripping activity asset	Mining capital work-in-progress	Total
467,701,274	348,803,224	397,751,810	210,297,400	93,545,847	470,218,016	11,108,627,116
-	-	34,730	-	98,898,284	23,963,124	343,649,945
33,373,975	11,706,623	12,557,370	-	-	(27,002,668)	-
-	-	-	-	-	13,829,815	13,829,815
-	-	-	1,103,556	-	-	1,103,556
-	-	(1,619,640)	-	-	-	(3,145,693)
501,075,249	360,509,847	408,724,270	211,400,956	192,444,131	481,008,287	11,464,064,739
-	-	-	-	60,628,036	168,054,274	275,145,829
976,121,133	19,288,360	44,156,112	-	-	(80,672,369)	-
-	-	-	-	-	(18,579,156)	(18,579,156)
(47,989,564)	5,761,720	19,004,176	-	-	-	(23,537,634)
367,054,305	3,365,636	6,126,466	-	85,373,648	85,067,479	1,258,519,456
-	-	-	73,406,497	-	-	73,406,497
1,796,261,123	388,925,563	478,011,024	284,807,453	338,445,815	634,878,515	13,029,019,731
23,550,074	93,884,739	131,927,108	46,508,583	15,822,493	-	1,862,076,164
17,072,120	35,465,185	75,641,542	7,174,888	15,675,913	-	505,825,294
-	-	(1,276,701)	-	-	-	(1,870,166)
40,622,194	129,349,924	206,291,949	53,683,471	31,498,406	-	2,366,031,292
17,957,782	48,725,052	51,016,215	9,275,153	41,653,763	-	626,381,829
(17,818,262)	6,571,574	5,211,808	-	-	-	(8,436,244)
40,761,714	184,646,550	262,519,972	62,958,624	73,152,169	-	2,983,976,877
460,453,055	231,159,923	202,432,321	157,717,485	160,945,725	481,008,287	9,098,033,447
1,755,499,409	204,279,013	215,491,052	221,848,829	265,293,646	634,878,515	10,045,042,854

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17. Mine properties (continued)

Initial recognition at cost

Exploration and evaluation asset

Expenditure is transferred from "Exploration and evaluation assets" to "Mines under construction", which is a sub-category of "Mine properties" once the work completed to date supports the future development of the property and such development receives appropriate approvals.

Mines under construction

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in "Mines under construction". Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine.

Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of profit or loss and other comprehensive income. After production starts, all assets included in "Mines under construction" are then transferred to "Producing mines" which is also a sub-category of "Mine properties".

Mine closure and rehabilitation provision

Mine closure and rehabilitation provision includes the following restoration activities:

- dismantling and removing structures,
- rehabilitating mines and tailing dams,
- dismantling operating facilities,
- closing plant and waste sites and
- restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground environment is disturbed at the mining operations location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine.

Operating mines

Upon completion of the "Mine under construction" phase, the assets are transferred into "Mine properties" or "Property, plant and equipment". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included in property, plant and equipment.

Stripping activity asset

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using a UOP method. The capitalization of developing stripping costs ceases when the mine / component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) is generally considered to create two benefits:

- the production of inventory or
- improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a "stripping activity asset".

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of "Mine properties" in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Mining capital work-in-progress

It is normal industry practice for producing mines to embark on major capital expenditure projects to enhance or improve the existing flow sheet and are accounted for as "Capital work-in-progress" until its completion for intended use, when it is transferred at cost to the producing mine and put into use, from which point onwards it is being depleted.

Depreciation and impairment

Exploration and evaluation assets

Exploration and evaluation assets are not being depreciated, but are tested annually for impairment in accordance with IFRS 6.

Mines under construction

"Mines under construction" are not depreciated until construction is completed and the assets are available for their intended use. This is signified by the formal commissioning of the mine for commercial production.

Mine closure and rehabilitation provision, operating mines and stripping activity asset

The carrying values of mine closure and rehabilitation provision, producing mines and stripping activity assets are depleted on a systematic basis and are tested for impairment on an annual basis and when impairment indicators have been identified.

Mining capital work-in-progress

Mining capital work-in-progress are not depreciated until the construction is completed and the assets are available for their intended use. Mining capital work-in-progress are tested for impairment annually and when impairment indicators have been identified.

17.1. Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Expensed through profit or loss			
Cost of sales	8	625,842,414	505,285,879
General and administrative expenses	10	392,830	392,830
Exploration and technical services expenses	11	146,585	146,585
Total	17	626,381,829	505,825,294

17.2. Mining properties pledged as security

Mine properties with a net book value at 31 December 2018 of SAR 5,243,258,431 (31 December 2017: SAR 5,682,315,912) are pledged as security to lenders under the Common Term Agreements (Note 36.11).

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(All amounts in Saudi Riyals unless otherwise stated)

17.3. Plant and equipment acquired as part of finance lease

	Fixed plant and heap leaching	Heavy equipment	Others	Total
Cost				
1 January 2017	89,732,132	56,931,767	46,673,816	193,337,715
31 December 2017	89,732,132	56,931,767	46,673,816	193,337,715
31 December 2018	89,732,132	56,931,767	46,673,816	193,337,715
Accumulated depreciation				
1 January 2017	32,901,782	19,840,338	15,866,366	68,608,486
Charge for the year	17,946,427	7,002,869	7,165,722	32,115,018
31 December 2017	50,848,209	26,843,207	23,032,088	100,723,504
Charge for the year	17,946,429	7,002,867	7,165,722	32,115,018
31 December 2018	68,794,638	33,846,074	30,197,810	132,838,522
Net book value				
31 December 2017	38,883,923	30,088,560	23,641,728	92,614,211
31 December 2018	20,937,494	23,085,693	16,476,006	60,499,193

Leased plant and equipment with a net book value of SAR 26,890,003 at 31 December 2018 (31 December 2017: SAR 92,614,211) has been pledged as security to the lessors (Note 38.4).

18. Property, plant and equipment

	Notes	Land	Civil works	Buildings
Cost				
1 January 2017		61,550,000	5,237,880,463	12,249,669,327
Addition during the year		-	-	-
Written-off during the year	12	-	-	-
Transfer from capital work-in-progress during the year	19	-	48,558,681	276,153,331
Adjustments		-	-	-
31 December 2017		61,550,000	5,286,439,144	12,525,822,658
Additions during the year		-	-	-
Transfer (to) / from mine properties	17	-	23,264,377	391,115
Transfer from capital work-in-progress during the year	19	-	6,535,014,073	3,859,774,386
Written-off during the year		-	-	-
Adjustments		-	-	(5,625,000)
31 December 2018		61,550,000	11,844,717,594	16,380,363,159
Accumulated depreciation				
1 January 2017		-	463,755,831	740,891,518
Charge for the year	18.1	-	173,190,030	338,332,453
Written-off during the year	12	-	-	-
Adjustment		-	-	-
31 December 2017		-	636,945,861	1,079,223,971
Transfer (to) / from mine properties	17	-	11,518,329	(154,714)
Charge for the year	18.1	-	189,294,279	373,884,461
Written-off during the year		-	-	-
Adjustment		-	-	(1,922,575)
31 December 2018		-	837,758,469	1,451,031,143
Net book value				
31 December 2017	6.2	61,550,000	4,649,493,283	11,446,598,687
31 December 2018	6.2	61,550,000	11,006,959,125	14,929,332,016

Non - mining assets

Heavy equipment	Other equipment	Fixed plant	Office equipment	Furniture and fittings	Motor vehicles	Total
160,917,722	2,468,853,443	29,516,395,049	75,384,733	66,446,886	45,755,932	49,882,853,555
-	-	141,919,046	236,612	-	-	142,155,658
-	(119,863,827)	-	-	-	-	(119,863,827)
170,457	138,973,490	3,779,907,614	8,579,879	599,532	280,342	4,253,223,326
-	-	1,526,053	(1,072,287)	-	(1,235,580)	(781,814)
161,088,179	2,487,963,106	33,439,747,762	83,128,937	67,046,418	44,800,694	54,157,586,898
-	-	278,774,359	-	-	-	278,774,359
(1,736,129)	(12,913,358)	14,559,076	330,075	422,505	(780,027)	23,537,634
930,986,433	542,526,334	12,418,827,045	3,147,108	19,809,956	140,660	24,310,225,995
-	(185,344,468)	-	-	-	-	(185,344,468)
-	-	-	-	(850,000)	-	(6,475,000)
1,090,338,483	2,832,231,614	46,151,908,242	86,606,120	86,428,879	44,161,327	78,578,305,418
52,314,277	654,665,713	5,389,867,555	39,051,260	53,823,458	29,430,342	7,423,799,954
8,011,189	279,392,550	1,535,930,200	11,287,089	4,346,753	8,587,775	2,359,078,039
-	(74,509,481)	-	-	-	-	(74,509,481)
-	-	593,465	(1,072,287)	-	(1,235,580)	(1,714,402)
60,325,466	859,548,782	6,926,391,220	49,266,062	58,170,211	36,782,537	9,706,654,110
(1,736,129)	(11,647,753)	10,354,415	294,149	422,505	(614,558)	8,436,244
13,898,070	310,888,354	1,663,716,634	8,564,379	2,275,588	6,457,198	2,568,978,963
-	(185,344,468)	-	-	-	-	(185,344,468)
-	-	-	-	(850,000)	-	(2,772,575)
72,487,407	973,444,915	8,600,462,269	58,124,590	60,018,304	42,625,177	12,095,952,274
100,762,713	1,628,414,324	26,513,356,542	33,862,875	8,876,207	8,018,157	44,450,932,788
1,017,851,076	1,858,786,699	37,551,445,973	28,481,530	26,410,575	1,536,150	66,482,353,144

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18.1. Allocation of depreciation charge for year to:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Expensed through profit or loss			
Cost of sales	8	2,491,025,761	2,287,053,143
General and administrative expenses	10	34,339,593	26,928,555
Exploration and technical services expenses	11	3,984,491	3,144,358
Sub-total		2,529,349,845	2,317,126,056
Capital work-in-progress	19	39,629,118	41,951,983
Total	18	2,568,978,963	2,359,078,039

18.2. Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at 31 December 2018 of SAR 27,704,144,742 (31 December 2017: SAR 15,133,757,446) are pledged as security to lenders under the Common Term Agreement (Note 36.11).

19. Capital work-in-progress

	Notes	Property, plant and equipment
1 January 2017		27,175,503,366
Additions during the year		2,870,202,734
Impairment at the end of the year*	12	(446,250,000)
Transfer to mine properties	17	(13,829,815)
Transfer to property, plant and equipment	18	(4,253,138,326)
Transfer to intangible assets	20	(22,623,328)
Transfer from intangible assets	20	23,165,191
Transfer to employees' home ownership program receivable	24	-
31 December 2017	6.2	25,333,029,822
Additions during the year		1,503,175,212
Impairment at the end of the year**		-
Transfer (to) / from mine properties	17	(1,261,551,776)
Transfer to property, plant and equipment	18	(24,310,225,995)
Transfer to intangible assets	20	(34,979,055)
31 December 2018	6.2	1,229,448,208

*Impairment in MRC

In 2017 MRC's five year business plan was updated. The update involved an in-depth review of each key element of MRC's income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results and also a review of third party forecasts of the aluminium market. The updated plan included revised assumptions for the business including a lower rate of production growth than had been assumed previously and an impairment test was therefore carried out at the end of 2017.

The methodology used was again the discounted cash flow analysis. Key assumptions used in this analysis included a weighted average cost of capital (WACC) of 10.5% p.a. which was calculated using a Capital Asset Pricing Model (CAPM) methodology.

For the calculation of the terminal value, the Gordon Growth Method was adopted which included a growth rate assumption of 3.5% which has been estimated based on third party consultants' forecasts for the industry.

The results of this analysis showed a deterioration in the fair value of MRC's assets and the requirement for an additional impairment charge of SAR 446,250,000.

Non-mining assets

	Automotive sheet	Ammonia project 3	Administrative offices and others	Mutrafiah housing	Total
	913,018,798	-	14,832,306	1,081,279,416	29,184,633,886
	148,577,257	-	96,794	11,412,174	3,030,288,959
	-	-	-	-	(446,250,000)
	-	-	-	-	(13,829,815)
	-	-	(85,000)	-	(4,253,223,326)
	-	-	-	-	(22,623,328)
	-	-	-	-	23,165,191
	-	-	-	(1,092,691,590)	(1,092,691,590)
	1,061,596,055	-	14,844,100	-	26,409,469,977
	88,939,326	171,515,185	2,654,091	-	1,766,283,814
	(375,000,000)	-	-	-	(375,000,000)
	-	3,032,320	-	-	(1,258,519,456)
	-	-	-	-	(24,310,225,995)
	-	-	-	-	(34,979,055)
	775,535,381	174,547,505	17,498,191	-	2,197,029,285

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19. Capital work-in-progress (continued)

****Impairment of automotive sheet project in Ma'aden Corporate**

As at 31 December 2018, the Company assessed that there was an indication of impairment in the automotive sheet project and therefore the recoverable amount for the capital work-in-progress of automotive sheet project asset was calculated to determine if the carrying value needs to be impaired. This estimated recoverable amount was based on approved five year business plan. The calculation involved an in depth review of each key element of automotive sheet income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results and also a review of third party forecasts of the automotive aluminium market.

The methodology used was the discounted cash flow analysis. Key assumptions used in this analysis included a pre-tax discount rate of 11.3% p.a. which was calculated using a Capital Asset Pricing Model (CAPM) methodology.

For the calculation of the terminal value, the Gordon Growth Method was adopted which included a growth rate assumption of 3.7% which has been estimated based on third party consultants forecasts for the industry.

The results of this analysis showed a deterioration in the fair value of the automotive sheet project's assets and the requirement for an additional impairment charge of SAR 375,000,000 which is charged as follows:

	Notes	2018
74.9% share of the impairment is attributable to ordinary shareholders of the parent company and is charged to the consolidated statement of profit or loss	12	280,875,000
25.1% share of the impairment is attributable to joint venture partner in automotive sheet project and is adjusted against amount due to joint venture partner	35	94,125,000
Total Impairment of automotive sheet project		375,000,000

The Group has capitalized as part of capital work-in-progress the following:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Net borrowing cost attributable to qualifying assets	14.1	549,836,633	495,873,199
Amortization of transaction cost	14.1, 36.10	29,464,834	40,484,382
Depreciation of property, plant and equipment	18.1	39,629,118	41,951,983
Amortisation of intangible assets	20.1	3,030,044	1,653,489
Loss / (gain) attributable to re-measurements of employees' end of service termination benefits obligation	40.1.1	2,076,230	(1,511,535)
Total		624,036,859	578,451,518

19.1. Capital work-in-progress pledged as security

At 31 December 2018, the net book value of SAR 606,061,169 (31 December 2017: SAR 24,675,759,709) are pledged as security to the lenders (Note 36.11).

20. Intangible assets

	Notes	Infrastructure	Software and licenses	Internally developed software	Technical development	Total
Cost						
1 January 2017		297,876,390	208,027,038	24,369,462	17,705,112	547,978,002
Transfer from capital work-in-progress during the year	19	-	22,623,328	-	-	22,623,328
Transfer to capital work-in-progress during the year	19	-	(23,165,191)	-	-	(23,165,191)
31 December 2017		297,876,390	207,485,175	24,369,462	17,705,112	547,436,139
Additions during the year		-	115,173	-	-	115,173
Transfer from capital work-in-progress during the year	19	-	34,979,055	-	-	34,979,055
31 December 2018		297,876,390	242,579,403	24,369,462	17,705,112	582,530,367
Accumulated amortisation						
1 January 2017		78,092,468	75,485,638	15,145,646	4,805,673	173,529,425
Charge for the year	20.1	8,208,293	14,887,274	2,784,851	2,402,836	28,283,254
31 December 2017		86,300,761	90,372,912	17,930,497	7,208,509	201,812,679
Charge for the year	20.1	8,208,293	27,129,780	2,788,897	2,402,836	40,529,806
31 December 2018		94,509,054	117,502,692	20,719,394	9,611,345	242,342,485
Net book value						
31 December 2017	6.2	211,575,629	117,112,263	6,438,965	10,496,603	345,623,460
31 December 2018	6.2	203,367,336	125,076,711	3,650,068	8,093,767	340,187,882

Intangible assets with a net book value at 31 December 2018 of SAR 13,878,004 (31 December 2017: SAR 40,075,519) are pledged as security to lenders under the Common Term Financing Agreement (Note 36.11).

Intangible assets for infrastructure comprises the infrastructure and support services assets at Ras Al-Khair that are transferred to the Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

20.1. Allocation of amortisation charge for the year to:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Expensed through profit or loss			
Cost of sales	8	24,906,059	20,294,014
General and administrative expenses	10	12,164,081	6,335,751
Exploration and technical services expenses	11	429,622	-
Sub-total		37,499,762	26,629,765
Capital work-in-progress	19	3,030,044	1,653,489
Total	20	40,529,806	28,283,254

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

21. Investment in joint ventures

	Notes	31 December 2018	31 December 2017
MBCC	21.1.3	1,077,591,845	934,056,539
SAMAPCO	21.2.3	345,934,239	-
Total	6.2	1,423,526,084	934,056,539

The Group's 50% interest in the issued and paid-up share capital of these two joint ventures are accounted for using the equity method of accounting, see Note 4.1.

Summarised financial information related to joint ventures

The financial statements of these two joint ventures are prepared in accordance with IFRS. The accounting policies used, in the preparation of these IFRS financial statements, as well as their reporting dates, are consistent with that of the Group.

Summarized financial information (100% share) of MBCC and SAMAPCO, based on their management accounts or audited annual financial statements and a reconciliation with the carrying amount of the respective investments, as shown in the consolidated financial statements of the Group, are set out below:

21.1. MBCC

21.1.1. Summarised statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Sales and other operating revenues		1,113,361,783	796,098,526
Finance cost		(8,685,588)	(9,785,786)
Depreciation and amortization		(128,516,517)	(130,366,645)
Other expenses		(587,597,122)	(395,814,257)
Profit before zakat, severance fees and income tax		388,562,556	260,131,838
Zakat and severance fees		(44,247,027)	(30,498,641)
Income tax		(44,477,385)	(30,498,640)
Profit for the year from continuing operations		299,838,144	199,134,557
Other comprehensive (loss) / income		(972,178)	2,998,388
Total comprehensive income		298,865,966	202,132,945
Group's share of total comprehensive income for the year *	6.2,21.1.3	143,535,306	101,650,424

*Ma'aden's share in net income is reduced by zakat and severance fees which is applicable to the Saudi shareholder only. Furthermore, share in net income is calculated based on the available draft of the MBCC financial statements at the time of issuance of the Ma'aden consolidated financial statements. This sometimes may lead to minor variation which is adjusted in the next reporting period.

MBCC has also transitioned from SOCPA to IFRS effective from 1 January 2018 and the impact of IFRS transition adjustments have also been taken up by the Company during the year ended 31 December 2018.

21.1.2. Summarised statement of financial position

	31 December 2018	31 December 2017
Assets		
Non-current assets	1,824,067,838	1,824,542,656
Current assets		
Other current assets	240,479,634	265,235,756
Cash and cash equivalents	481,373,958	189,267,716
Total assets	2,545,921,430	2,279,046,128
Liabilities		
Non-current liabilities		
Long-term borrowings	-	180,000,000
Other non-current liabilities	67,087,145	56,752,137
Current liabilities		
Current portion of long-term borrowings	179,582,855	45,000,000
Other current liabilities	139,161,619	128,426,796
Total liabilities	385,831,619	410,178,933
Net assets	2,160,089,811	1,868,867,195
Group's proportionate ownership %	50%	50%
Group's proportionate ownership share in net assets*	1,077,591,845	934,056,539

*Group's proportionate ownership share in net assets includes zakat and severance fees impact (Note 21.1.1).

21.1.3. Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in MBCC (Note 2.10) is as follows:

	Notes	31 December 2018	31 December 2017
Shares at cost	54	202,482,646	202,482,646
Other component of equity		626,197,939	626,197,939
Total equity contribution		828,680,585	828,680,585
Share of the accumulated profit		248,911,260	105,375,954
Carrying value of investment	21,21.1.2	1,077,591,845	934,056,539

Ma'aden's share of the accumulated profit in MBCC:

	Notes	2018	2017
1 January		105,375,954	3,725,530
Share in net profit for the year	6.2,21.1.1	143,535,306	101,650,424
31 December		248,911,260	105,375,954

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(All amounts in Saudi Riyals unless otherwise stated)

21.2.SAMAPCO

Information disclosed in note 21.2.1 and 21.2.2 is based on the latest available draft financial statements of SAMAPCO for the 11 months ended 30 November 2018. Any impact that may arise due to December 2018 transactions will be taken up by the Company in the next reporting period.

21.2.1. Summarised statement of profit or loss

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Sales and other operating revenues		715,000,000	660,991,000
Finance cost		(70,600,000)	(72,750,000)
Depreciation and amortisation		(113,400,000)	(125,065,000)
Other expenses		(419,700,000)	(508,098,000)
Profit before zakat, severance fees and income tax		111,300,000	(44,922,000)
Zakat and severance fees		-	-
Profit for the year from continuing operations		111,300,000	(44,922,000)
Other comprehensive income		-	546,000
Total comprehensive income		111,300,000	(44,376,000)
Group's share of total comprehensive income / (loss) for the year *	21.2.3	55,500,000	(22,188,000)

*Ma'aden's share in net income is calculated based on the available draft of the SAMAPCO financial statements at the time of issuance of the Ma'aden consolidated financial statements. This sometimes may lead to minor variation which is adjusted in the next period.

21.2.2. Summarised statement of financial position

	Note	31 December 2018	31 December 2017
Assets			
Non-current assets		2,475,000,000	2,584,058,000
Current assets			
Other current assets		354,300,000	274,973,000
Cash and cash equivalents		169,700,000	80,305,000
Total assets		2,999,000,000	2,939,336,000
Liabilities			
Non-current liabilities			
Long-term borrowings		1,883,000,000	1,850,374,000
Other non-current liabilities		40,000,000	146,426,000
Current liabilities			
Current portion of long-term borrowings		111,600,000	49,158,000
Other current liabilities		368,400,000	408,942,000
Total liabilities		2,403,000,000	2,454,900,000
Net assets		596,000,000	484,436,000
Group's proportionate ownership %		50%	50%
Group's proportionate ownership share in net assets*	21.2.3	345,934,239	-

*Group's proportionate ownership share in net assets includes the impact of additional equity contribution (Note 21.2.3)

21.2.3. Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in SAMAPCO (Note 2.9) is as follows:

	Notes	31 December 2018	31 December 2017
Shares at cost	54	450,000,000	-
Other components of equity		78,748,419	-
Total equity contribution		528,748,419	-
Total share of the accumulated loss absorbed as at 31 December 2018		(182,814,180)	-
Carrying value of investment / Reversal of impairment	12,21,21.2.2	345,934,239	-

Ma'aden's share of the accumulated loss in SAMAPCO:

	Notes	Total
Accumulated loss as at the date of transition to IFRS i.e. 1 January 2016		(125,224,180)
Group's share of unabsorbed loss:		
Share in net loss for the year ended 31 December 2016 including adjustments pertaining to SAMAPCO's transition to IFRS i.e. 1 January 2016		(90,902,000)
Share in net loss for the year ended 31 December 2017	21.2.1	(22,188,000)
Share in net profit for the period ended 30 November 2018	21.2.1	55,500,000
Accumulated loss for the period from 1 January 2016 upto 30 November 2018		(57,590,000)
Total share of accumulated loss of SAMAPCO absorbed as at 31 December 2018		(182,814,180)

At the date of transition to IFRS i.e. 1 January 2016, the Company impaired its investment of 50% in the issued and paid up share capital in SAMAPCO (Note 2.9) together with the share of SAMAPCO's accumulated loss based on the impairment test done using an equity valuation model, which included an appropriate market related discount rate. The details of the impairment of investment in SAMAPCO are as follows:

	Note	Total
Shares at cost		
As at 1 January 2016	54	450,000,000
Less: share of the accumulated loss as at 1 January 2016		(125,224,180)
Sub-total - carrying value of shares previously impaired		324,775,820
Other components of equity		
Additional contribution as at 1 January 2016		47,998,419
Additional contribution during the year ended 31 December 2017		30,750,000
Sub-total - other components of equity previously impaired		78,748,419
Total impairment		403,524,239

As at 31 December 2018, following the SAMAPCO's resolution of a long-standing dispute with a supplier of its Ethylene feedstock, SAMAPCO's costs of production reduced substantially. This reduction in production cost was coupled with the rises in petrochemical prices which returned SAMAPCO to profitability. A revised assessment of recoverable amount of SAMAPCO was carried out which indicated the reversal of impairment in full amounting to SAR 403,524,239 and adjusting it with the Group's share of SAMAPCO's accumulated loss for the period starting from 1 January 2016 upto 30 November 2018 amounting to SAR 57,590,000 resulting in a net impairment reversal of SAR 345,934,239. The future cash flows were discounted at a rate of 8% in arriving at the recoverable amount of SAMAPCO.

The Group has issued guarantees in favor of SIDF and other financial institutions for financing facilities available to MBCC and SAMAPCO as is fully disclosed in Note 47.2.

Fair value of the investment in joint ventures cannot be determined, as no quoted market price is available for the investment in joint ventures.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

22. Deferred tax

22.1. Income tax

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Deferred income tax		(82,725,678)	(30,864,737)
Deferred tax assets credited to the consolidated statement of profit or loss	22.2	136,112,991	83,285,771
Deferred tax liabilities debited to the consolidated statement of profit or loss	22.3	(218,838,669)	(114,150,508)
Current income tax	43.5	10,199,311	(26,059,632)
Total income tax		(72,526,367)	(56,924,369)

The deferred income tax has arisen because of the temporary differences between the carrying value of certain items and their tax base. Following are the details of the deferred tax assets, liabilities and profit or loss charges and credits.

22.2. Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2018	31 December 2017
Tax losses	493,213,908	335,575,658
Allowance for obsolete and slow moving spare parts and consumable materials	3,119,886	999,500
Property, plant and equipment, capital work-in-progress and intangible assets	84,281,464	113,943,609
Provision for decommissioning, site rehabilitation and dismantling obligations	1,105,914	1,757,007
Employees' end of service termination benefits obligation	11,266,650	9,449,043
Provision for research and development	4,849,986	-
Total deferred tax assets	597,837,808	461,724,817

The movement in net deferred tax assets during the year is as follows:

	Note	2018	2017
1 January		461,724,817	378,439,046
Credited to the consolidated statement of profit or loss during the year	22.1	136,112,991	83,285,771
31 December		597,837,808	461,724,817

22.3. Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2018	31 December 2017
Property, plant and equipment, capital work-in-progress and intangible assets	607,317,644	388,478,975

The movement in net deferred tax liabilities during the year is as follows:

	Note	2018	2017
1 January		388,478,975	274,328,467
Debited to the consolidated statement of profit or loss during the year	22.1	218,838,669	114,150,508
31 December		607,317,644	388,478,975

23. Other investments

	Notes	31 December 2018	31 December 2017
1 January		50,000,000	50,000,000
Settlement during the year		(2,150,000)	-
31 December	3,50	47,850,000	50,000,000
Less: Current portion of other investment		(4,665,000)	-
Non-current portion of other investment		43,185,000	50,000,000

This investment is a non-derivative financial assets with a fixed maturity that the Group has the intention and the ability to hold to maturity and which do not qualify as loans or receivables. This investment is classified as non-current assets based on its maturity, and initially recognised at fair value. At subsequent reporting dates, this financial asset is measured at amortised cost less any impairment losses.

24. Other non-current assets

	Notes	31 December 2018	31 December 2017
Revolving loan transaction cost		71,250,000	71,250,000
Amortization of revolving loan transaction cost over the term of the facility	14	(14,250,000)	-
		57,000,000	71,250,000
Less: Current portion of revolving loan transaction cost	26	(14,250,000)	(14,250,000)
Sub-total		42,750,000	57,000,000
Stockpile of mined ore		265,879,737	230,362,092
Less: Current portion of stockpile of mined ore	27	(184,613,086)	(133,661,469)
Sub-total		81,266,651	96,700,623
Employees' home ownership program receivables	19	1,052,470,456	1,092,691,590
Less: Repaid during the year		(55,785,260)	(40,221,134)
		996,685,196	1,052,470,456
Less: Current portion of employees' home ownership program receivables	28	(62,052,523)	(54,728,700)
Sub-total		934,632,673	997,741,756
Home ownership program - furniture and home loan		20,056,814	32,022,133
Total		1,078,706,138	1,183,464,512

25. Due from joint venture partner

	Notes	31 December 2018	31 December 2017
Due from Alcoa Corporation	3,45.2,50	36,686,041	13,652,075

This represents contribution receivable from Alcoa Corporation for its share of 25.1% in the automotive sheet project (Note 19 and 35), to extend the product mix of the aluminium complex at Ras Al-Khair, to also include automotive sheet.

Notes to the consolidated financial statements for the year ended 31 December 2018

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26. Advances and prepayments

	Note	31 December 2018	31 December 2017
Advances to contractors		76,174,480	51,450,134
Advances to employees		26,887,307	21,725,281
Prepaid rent		2,817,365	8,037,011
Prepaid insurance		32,681,405	30,717,827
Current portion of revolving loan transaction cost	24	14,250,000	14,250,000
Other prepayments		139,452,160	16,094,671
Total		292,262,717	142,274,924

27. Inventories

	Notes	31 December 2018	31 December 2017
Saleable inventory			
Finished goods – ready for sale		965,522,780	563,174,513
Work-in-process		836,930,464	552,902,687
Current portion of stockpile of mined ore	24	184,613,086	133,661,469
By-products		3,890,775	2,642,909
Sub-total	8	1,990,957,105	1,252,381,578
Consumable inventory			
Spare parts and consumables materials			
1 January		1,467,224,181	1,293,172,895
Net additions during the year		187,057,287	174,051,286
31 December		1,654,281,468	1,467,224,181
Write-off of obsolete and slow-moving spare parts and consumable materials	8	(1,386,960)	(4,058,354)
Allowance for obsolete and slow-moving spare parts and consumable materials	27.1	(92,692,378)	(46,680,286)
		1,560,202,130	1,416,485,541
Raw materials		760,770,479	767,366,525
Sub-total		2,320,972,609	2,183,852,066
Total		4,311,929,714	3,436,233,644

27.1. Movement in the allowance for obsolete and slow moving spare parts and consumable materials is as follows:

	Notes	2018	2017
1 January		46,680,286	15,853,329
Provision for allowance for obsolescence	8	46,012,092	30,826,957
31 December	27	92,692,378	46,680,286

28. Trade and other receivables

	Notes	31 December 2018	31 December 2017
Trade receivables			
Other third party receivables		1,648,255,068	1,432,456,109
Due from SABIC	45.2	323,184,232	182,767,681
Due from The Mosaic Company	45.2	29,807,095	40,082,398
Due from Alcoa Inespal, S.A.	45.2	93,099,730	104,208,538
Due from Alcoa Warrick LLC	45.2	6,644,548	22,067,292
		2,100,990,673	1,781,582,018
Less: Allowance for expected credit losses	28.1	(521,775)	-
Sub-total	48.2	2,100,468,898	1,781,582,018
Due from SABIC	34.3,45.2	-	28,807,037
Due from MBCC	45.2	1,107,238	747,566
Due from Saudi Mining Polytechnic ("SMP")	45.2	5,556	4,183,905
Due from Saudi Ports Authority		2,363,036	5,748,858
Current portion of employees' home ownership program receivables	24	62,052,523	54,728,700
Zakat receivable from GAZT	43.2,43.4	-	44,575,187
VAT receivable from GAZT		23,588,191	-
Investment income receivable		24,111,307	14,364,838
Other		36,196,726	65,174,988
Total	3,50	2,249,893,475	1,999,913,097

The Group holds all its trade receivables, within a business model, with the objective of collecting the contractual cash flows. However, the contractual terms of certain trade receivables do not give rise, on a specific date, to cash flows that are solely payments of principal and interest on the principal outstanding.

28.1. Movement in ECL allowance

	Notes	2018	2017
1 January	3,48.2	336,385	-
Increase in allowance for expected credit losses	10,48.2	185,390	-
31 December	28	521,775	-

Notes to the consolidated financial statements for the year ended 31 December 2018

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29. Time deposits

	Notes	31 December 2018	31 December 2017
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	48.3, 49.50	3,535,000,000	2,240,000,000
Less: ECL allowance	29.1	(2,201,194)	-
Total	3	3,532,798,806	2,240,000,000

Time deposits yield financial income at prevailing market prices.

29.1. Movement in ECL allowance

	Notes	2018	2017
1 January	3,48.2	941,528	-
Increase in ECL allowance during the year	10,48.2	1,259,666	-
31 December	29	2,201,194	-

30. Cash and cash equivalents

	Notes	31 December 2018	31 December 2017
Unrestricted			
Time deposits with original maturities equal to or less than three months at the date of acquisition		4,722,142,234	3,625,320,169
Cash and bank balances		597,973,973	656,423,990
Sub-total	48.3,49	5,320,116,207	4,281,744,159
Restricted			
Cash and bank balances	4.14,4.20,40.2	73,045,857	69,872,871
Total	3,50	5,393,162,064	4,351,617,030

Restricted cash and bank balances are related to employees' savings plan obligation.

31. Share capital

	Notes	31 December 2018	31 December 2017
Authorized, issued and fully paid			
1,168,478,261	Ordinary shares with a nominal value of SAR 10 per share	11,684,782,610	11,684,782,610

32. Share premium

		31 December 2018	31 December 2017
525,000,000	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 10 per share	5,250,000,000	5,250,000,000
243,478,261	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share, net of transaction cost	3,141,351,697	3,141,351,697
768,478,261	Total	8,391,351,697	8,391,351,697

33. Transfer of net income

	2018	2017
1 January	869,459,731	797,975,542
Transfer of 10% of net income for the year	184,791,708	71,484,189
31 December	1,054,251,439	869,459,731

In accordance with, the Company's Articles of Association, which is in compliance with the applicable Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of its annual net profit until such reserve equals 30% of the share capital.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

34. Non-controlling interest

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

34.1. Summarized statement of financial position

<i>Non-controlling % interest in</i>	Notes	MAC 25.1 %
31 December 2018		
Non-current assets		16,815,948,939
Current assets		2,945,216,159
Total assets		19,761,165,098
Non-current liabilities		11,342,733,208
Current liabilities		1,658,784,395
Total liabilities		13,001,517,603
Net assets of subsidiary company		6,759,647,495
Share of net assets		1,696,671,521
Zakat and income tax impact		(66,642,763)
Impact of payment to increase share capital		-
Net assets attributable to non-controlling interest	34.3	1,630,028,758
31 December 2017		
Non-current assets		17,423,459,721
Current assets		2,731,803,073
Total assets		20,155,262,794
Non-current liabilities		11,244,842,852
Current liabilities		2,173,045,741
Total liabilities		13,417,888,593
Net assets of subsidiary company		6,737,374,201
Share of net assets		1,691,080,924
Zakat and income tax impact		(48,931,345)
Impact of payment to increase share capital		-
Net assets attributable to non-controlling interest	34.3	1,642,149,579

	MRC	MBAC	MPC	MWSPC	Total
	25.1 %	25.1 %	30 %	40 %	
	5,050,654,745	12,330,042,394	14,624,827,221	27,180,114,145	76,001,587,444
	1,712,503,496	1,661,835,324	2,837,269,219	3,763,581,739	12,920,405,937
	6,763,158,241	13,991,877,718	17,462,096,440	30,943,695,884	88,921,993,381
	3,791,236,226	7,756,912,133	8,828,323,950	19,748,855,108	51,468,060,625
	2,461,034,186	1,056,116,920	1,547,546,461	2,330,056,771	9,053,538,733
	6,252,270,412	8,813,029,053	10,375,870,411	22,078,911,879	60,521,599,358
	510,887,829	5,178,848,665	7,086,226,029	8,864,784,005	28,400,394,023
	128,232,845	1,299,891,015	2,125,867,810	3,545,913,602	8,796,576,793
	119,594,401	(24,655,913)	-	(26,057,773)	2,237,952
	(7,119,230)	-	-	-	(7,119,230)
	240,708,016	1,275,235,102	2,125,867,810	3,519,855,829	8,791,695,515
	5,052,651,116	12,672,259,329	15,219,204,586	26,328,595,279	76,696,170,031
	1,444,543,587	1,132,301,349	2,326,239,886	2,175,416,307	9,810,304,202
	6,497,194,703	13,804,560,678	17,545,444,472	28,504,011,586	86,506,474,233
	4,111,087,038	7,861,415,695	9,303,281,553	17,941,863,306	50,462,490,444
	1,594,536,585	1,224,655,348	1,761,779,690	2,111,058,187	8,865,075,551
	5,705,623,623	9,086,071,043	11,065,061,243	20,052,921,493	59,327,565,995
	791,571,080	4,718,489,635	6,480,383,229	8,451,090,093	27,178,908,238
	198,684,341	1,184,340,898	1,944,114,969	3,380,436,037	8,398,657,169
	98,087,643	4,293,176	-	(12,524,830)	40,924,644
	(7,119,230)	-	-	-	(7,119,230)
	289,652,754	1,188,634,074	1,944,114,969	3,367,911,207	8,432,462,583

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

34.2. Summarized statement of profit or loss and other comprehensive income

<i>Non-controlling % interest in</i>	Notes	MAC 25.1 %
For the year ended 31 December 2018		
Sales		7,671,002,281
Profit / (loss) before zakat and income tax for the year		98,436,855
Zakat and income tax for the year		(47,082,780)
Other comprehensive income / (loss) for the year:		
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		(2,139,918)
Cash flow hedge - effective portion of changes in fair value		(26,940,863)
Sub-total		(29,080,781)
Total comprehensive income / (loss) for the year		22,273,294
Total comprehensive income / (loss) attributable to non-controlling interest:		
Share of profit / (loss) before zakat and income tax for the year		24,707,651
Share of zakat and income tax for the year		(29,529,196)
Share of loss / (profit) for the year	34.3	(4,821,545)
Share of other comprehensive income / (loss) for the year:		
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	34.3	(537,119)
Cash flow hedge - effective portion of changes in fair value	34.3,39	(6,762,157)
Sub-total		(7,299,276)
Total		(12,120,821)
For the year ended 31 December 2017		
Sales		6,822,085,531
Profit / (loss) before zakat and income tax for the year		293,871,203
Zakat and income tax for the year		(52,175,152)
Other comprehensive income / (loss) for the year:		
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation		11,359,897
Total comprehensive income / (loss) for the year		253,055,948
Total comprehensive income / (loss) attributable to non-controlling interest:		
Share of profit / (loss) before zakat and income tax for the year		73,761,672
Share of zakat and income tax for the year		(52,175,152)
Share of profit / (loss) for the year	34.3	21,586,520
Share of other comprehensive income / (loss) for the year:		
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	34.3	2,851,334
Total		24,437,854

	MRC	MBAC	MPC	MWSPC	Total
	25.1 %	25.1 %	30 %	40 %	
	299,487,696	3,116,668,621	5,215,647,728	1,163,824,917	17,466,631,243
	(305,062,110)	522,494,744	725,465,557	454,725,119	1,496,060,165
	24,567,607	(60,070,721)	(20,383,520)	(38,909,515)	(141,878,929)
	(188,748)	(2,064,994)	(3,215,778)	(2,121,693)	(9,731,131)
	-	-	-	-	(26,940,863)
	(188,748)	(2,064,994)	(3,215,778)	(2,121,693)	(36,671,994)
	(280,683,251)	460,359,029	701,866,259	413,693,911	1,317,509,242
	(76,570,589)	131,146,181	217,639,667	181,890,048	478,812,958
	27,673,227	(44,026,840)	(6,115,056)	(29,096,749)	(81,094,614)
	(48,897,362)	87,119,341	211,524,611	152,793,299	397,718,344
	(47,376)	(518,313)	(964,733)	(848,677)	(2,916,218)
	-	-	-	-	(6,762,157)
	(47,376)	(518,313)	(964,733)	(848,677)	(9,678,375)
	(48,944,738)	86,601,028	210,559,878	151,944,622	388,039,969
	-	1,934,061,919	4,253,915,855	1,096,917,385	14,106,980,690
	(657,502,006)	(237,544,786)	252,264,600	514,038,664	165,127,675
	24,017,505	(3,457,545)	(6,306,615)	(35,209,740)	(73,131,547)
	-	1,567,857	9,543,953	(1,999,561)	20,472,146
	(633,484,501)	(239,434,474)	255,501,938	476,829,363	112,468,274
	(165,033,003)	(59,623,741)	75,679,380	205,615,466	130,399,774
	24,017,505	(3,457,545)	(1,891,984)	(27,289,289)	(60,796,465)
	(141,015,498)	(63,081,286)	73,787,396	178,326,177	69,603,309
	-	393,532	2,863,186	(799,824)	5,308,228
	(141,015,498)	(62,687,754)	76,650,582	177,526,353	74,911,537

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

34.3. Movement of non-controlling interest

Non-controlling % interest in	Notes	MAC 25.1 %
1 January 2017		1,617,711,725
Share of net profit / (loss) for the year	34.2	21,586,520
Share of other comprehensive income / (loss) for the year:		
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	34.2, 40.1.1	2,851,334
Payment to increase share capital during the year	45.1	-
Increase in non-controlling interest during the year	45.1	-
31 December 2017	34.1	1,642,149,579
Share of net profit / (loss) for the year	34.2	(4,821,545)
Share of other comprehensive income / (loss) for the year:		
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	34.2, 40.1.1	(537,119)
Cash flow hedge - effective portion of changes in fair value	34.2, 39	(6,762,157)
Sub-total	-	(7,299,276)
Dividend paid during the year	28	-
31 December 2018	34.1	1,630,028,758

35. Due to joint venture partner

	Notes	31 December 2018	31 December 2017
Due to Alcoa Corporation		405,166,440	382,132,474
Less: Accumulated impairment			
Opening balance		115,773,750	115,773,750
Impairment during the year	19	94,125,000	-
Sub-total		209,898,750	115,773,750
Due to joint venture partner, net	45.2	195,267,690	266,358,724

Due to Alcoa Corporation, this represents their share of 25.1% in the joint venture project cost to extend the product mix of the aluminium complex at Ras Al-Khair, to also include automotive sheet.

MRC	MBAC	MPC	MWSPC	Total
25.1 %	25.1 %	30 %	40 %	
242,418,252	1,251,321,828	1,867,464,387	2,815,384,854	7,794,301,046
(141,015,498)	(63,081,286)	73,787,396	178,326,177	69,603,309
-	393,532	2,863,186	(799,824)	5,308,228
188,250,000	-	-	-	188,250,000
-	-	-	375,000,000	375,000,000
289,652,754	1,188,634,074	1,944,114,969	3,367,911,207	8,432,462,583
(48,897,362)	87,119,341	211,524,611	152,793,299	397,718,344
(47,376)	(518,313)	(964,733)	(848,677)	(2,916,218)
-	-	-	-	(6,762,157)
(47,376)	(518,313)	(964,733)	(848,677)	(9,678,375)
-	-	(28,807,037)	-	(28,807,037)
240,708,016	1,275,235,102	2,125,867,810	3,519,855,829	8,791,695,515

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

36. Long-term borrowings

36.1. Facilities approved

- MAC, MRC, MBAC and MWSPC entered into Common Terms Agreements (“CTA”) with the Public Investment Fund (PIF), Saudi Industrial Development Fund (SIDF) and consortiums of local financial institutions, whereas, MAC and MBAC restructured its borrowing facility with PIF and entered into a new Common Terms Agreements (“CTA”) with the consortiums of local financial institutions,
- the Company (Ma’aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement,
- MGBM entered into two secured loan arrangements with Saudi Industrial Development Fund (SIDF),
- MIC and MPC entered into Murabaha Facility Agreement (“MFA”) with Murabaha facility participants and
- MPC entered into a Sukuk Facility Agreement (“SFA”) with Sukuk facility participants.

The facilities granted to the Group comprise of the following as at 31 December 2018:

	MAC agreement signed on 30 Nov. 2010 and restructured on 14 Dec. 2017	MRC agreement signed on 30 Nov. 2010	MBAC agreement signed on 27 Nov. 2011 and restructured on 16 Jul. 2018
Public Investment Fund (“PIF”)	4,275,375,000	3,078,750,000	3,506,250,000
Islamic and commercial banks			
Procurement*	-	1,041,000,000	-
Commercial*	1,503,750,000	-	-
Murabaha	-	-	4,025,000,000
Wakala	-	-	220,000,000
Sub-total	1,503,750,000	1,041,000,000	4,245,000,000
Saudi Industrial Development Fund (“SIDF”)	-	600,000,000	-
Riyal Murabaha facility	5,178,750,000	-	-
Riyal Murabaha facility (a working capital facility)	-	375,000,000	340,000,000
Sub-total	10,957,875,000	5,094,750,000	8,091,250,000
Syndicated Revolving Credit Facility Agreement	-	-	-
HSBC Saudi Arabia - as agent for sukuk facility participants	-	-	-
Total facilities granted	10,957,875,000	5,094,750,000	8,091,250,000

The CTAs impose the following conditions and financial covenants on each of the borrowing legal entities of the Group and if the conditions are met, the financial institutions will provide the long-term borrowing:

- the limitation on the creation of additional liens and/or financing obligations by MRC, MBAC and MWSPC, unless specifically allowed under the CTA,
- financial ratio maintenance,
- maximum capital expenditures allowed,
- restriction on dividend distribution to shareholders and
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

The MFAs imposed certain conditions and special covenants which include:

- safeguarding the entities’ existence as a limited liability company validly existing under the laws of the Kingdom of Saudi Arabia,
- restriction to substantial change in the general nature of the company’s business, unless specifically allowed under the MFA,
- restriction to enter into a single transaction or a series of transactions and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless specifically allowed under the MFA,
- payment obligations under MFA at all times rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies,
- financial ratio maintenance and
- restriction on dividend distribution to shareholders.

MWSPC agreement signed on 30 Jun. 2014	Ma'aden agreement signed on 18 Dec. 2012 and renewed on 18 Dec. 2017	MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015	MIC agreement signed on 30 Dec. 2015	MPC agreements signed on 25 Feb. 2016 and 20 Feb. 2018	Total
7,500,000,000	-	-	-	-	18,360,375,000
4,299,854,655	-	-	-	-	5,340,854,655
5,450,145,345	-	-	-	-	6,953,895,345
-	-	-	-	-	4,025,000,000
1,650,000,000	-	-	-	-	1,870,000,000
11,400,000,000	-	-	-	-	18,189,750,000
4,000,000,000	-	1,379,000,000	-	-	5,979,000,000
-	-	-	1,000,000,000	11,493,750,000	17,672,500,000
-	-	-	-	-	715,000,000
22,900,000,000	-	1,379,000,000	1,000,000,000	11,493,750,000	60,916,625,000
-	7,500,000,000	-	-	-	7,500,000,000
-	-	-	-	3,500,000,000	3,500,000,000
22,900,000,000	7,500,000,000	1,379,000,000	1,000,000,000	14,993,750,000	71,916,625,000

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

36.1. Facilities approved (continued)

The SFA imposed certain conditions and special covenants which include:

- safeguarding the corporate existence as a limited liability company validly existing under the laws of the Kingdom of Saudi Arabia,
- restriction to substantial change in the general nature of company's business, unless specifically allowed under the SFA,
- restriction to enter into a single transaction or a series of transactions and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless specifically allowed under the SFA,
- financial ratio maintenance and
- restriction on dividend distribution to shareholders

MAC facility

On 30 November 2010, the company had entered into a CTA with PIF, SIDF and a consortium of financial institutions.

On 14 December 2017 the facility with PIF was restructured resulting in a revised repayment schedule and covenants.

Effective the same date, the company entered into a new CTA agreement with commercial banks in respect of new Dollar conventional and Riyal Murabaha facilities to replace the balance of the facilities. Consequently, MAC's financing facilities comprise of:

	Facility approved
PIF - Amendment to the existing agreement	4,275,375,000
Islamic and commercial banks	
Dollar conventional	1,503,750,000
Riyal Murabaha	5,178,750,000
Sub-total	6,682,500,000
Total facilities approved	10,957,875,000

In addition to the scheduled repayments, the restructured PIF facility and the Dollar conventional and Riyal Murabaha facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Dollar conventional and the Riyal Murabaha facilities.

Facility agents:

- The National Commercial Bank acts as Inter-creditor Agent and as Riyal Murabaha Facility Agent,
- The First Abu Dhabi Bank acts as Dollar Conventional Facility Agent.

The details of the CTA signed on 30 November 2010 which has been repaid in full during December 2017 were as follows:

	Facility approved
Public Investment Fund ("PIF")	4,875,000,000
Islamic and commercial banks	
Procurement	5,047,500,000
Commercial	900,000,000
Wakala	787,500,000
Sub-total	6,735,000,000
Saudi Industrial Development Fund ("SIDF")	600,000,000
Riyal Murabaha facility (a working capital facility)	375,000,000
Total facilities approved	12,585,000,000

MRC facility**Facility agents:**

- Riyad Bank acts as Inter-creditor Agent,
- Bank Al Jazira acts as Riyal Procurement Facility Agent,
- Banque Saudi Fransi acts as Onshore Security Agent and
- Riyad Bank, London Branch acts as Offshore Security Trustee and Agent

MBAC facility

On 16 July 2018, the company had entered into a CTA with PIF, SIDF and a consortium of financial institutions. On 31 July 2018 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha and Riyal Wakala facilities to replace the balance of the facilities. Consequently, MBAC's financing facilities comprise of:

	Facility approved
PIF - Amendment to the existing agreement	3,506,250,000
Islamic and commercial banks	
Riyal Murabaha Tranche A	2,370,000,000
Riyal Murabaha Tranche B	1,655,000,000
Riyal Wakala	220,000,000
Sub-total	4,245,000,000
Riyal Murabaha facility (a working capital facility)	340,000,000
Total facilities approved	8,091,250,000

In addition to scheduled repayments, the restructured PIF facility and the Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

Facility agents:

- The National Commercial Bank acts as Inter-creditor Agent and as Riyal Murabaha Facility Agent,
- The HSBC Saudi Arabia acts as Riyal Wakala Facility Agent.

The details of the CTA signed on 27 November 2011 which has been restructured / repaid in full during July 2018 were as follows:

	Facility approved
Public Investment Fund ("PIF")	3,750,000,000
Islamic and commercial banks	
Procurement	2,690,712,844
Commercial	258,750,000
Wakala	768,750,000
Sub-total	3,718,212,844
Saudi Industrial Development Fund ("SIDF")	900,000,000
Riyal Murabaha facility (a working capital facility)	340,000,000
Total facilities approved	8,708,212,844

MWSPC facility**Facility agents:**

- Islamic Development Bank and HSBC Saudi Arabia act as agents for procurement facility and
- Mizuho Corporate Bank Limited and Sumitomo Mitsui Banking Corporation act as agents for commercial facility.

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(All amounts in Saudi Riyals unless otherwise stated)

36.1. Facilities approved (continued)

Saudi Arabian Mining Company (“Ma’aden”) facility

On 18 December 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement (“Murabaha Facility Agreement”) and other agreements (together referred to as “financing agreements”) totaling SAR 9 billion. Final maturity for repayment of the loan is five years from the date of the signing of the agreement. The facility is with a syndicate of local and international financial institutions, which is comprised of the following financial institutions:

- Al-Rajhi Bank
- Arab National Bank
- Bank Al Bilad
- Bank AlJazira
- Banque Saudi Fransi
- J.P.Morgan Chase Bank, N.A., Riyadh Branch
- Riyadh Bank
- Samba Financial Group
- The National Commercial Bank
- The Saudi British Bank
- The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

On 18 December 2017, the Company renewed its financing agreements revising the total facility amount from SAR 9 billion to SAR 7.5 billion. Final maturity for repayment of the loan is five years from the date of the signing of the agreement. This revolver facility is with a syndicate of local and international financial institutions, which are comprised of the following financial institutions:

- Al-Rajhi Bank
- Arab National Bank
- Gulf International Bank B.S.C, Riyadh Branch
- Al-Awwal Bank
- Bank AlJazira
- Banque Saudi Fransi
- J.P.Morgan Chase Bank, N.A., Riyadh Branch
- Riyadh Bank
- Samba Financial Group
- The National Commercial Bank
- The Saudi British Bank
- The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

MGBM facility

The company entered into two secured loan arrangements with Saudi Industrial Development Fund ("SIDF). The facilities granted to the Company are comprised of the following:

Date approved	Purpose	Facility approved
24 March 2015	To provide funding for the production of a semi alloy of gold at As Suq Mine	179,000,000
26 April 2015	To provide funding for the capital expenditure of the new gold mine at Ad-Duwayhi and water pipeline	1,200,000,000
Total facilities granted		1,379,000,000

The financing arrangements impose certain conditions and special covenants which include:

- the limitation of the creation of additional liens and/or financing obligations by the Company, unless specifically allowed under the loan agreement,
- financial ratio maintenance,
- maximum capital expenditures allowed,
- restriction on dividend distribution to shareholders and
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

MIC facility

On 30 December 2015 the company entered into a Murabaha Facility Agreement ("MFA") with HSBC Saudi Arabia Limited, comprising of:

Murabaha facility	Facility approved
HSBC Saudi Arabia Limited - as agent for the Murabaha facility participants	1,000,000,000

The facility was drawn down on 17 February 2016.

MPC facility

On 15 June 2008, the company had entered into a CTA with a consortium of financial institutions, however, the facility had been repaid in full from a drawing on 30 March 2016 under a new MFA signed by the company on 25 February 2016 with Murabaha facility participants comprised of:

Murabaha facility	Facility approved
Riyad Bank - as agent for the Murabaha facility participants	11,493,750,000

The MFA signed by the company on 25 February 2016, has been partially repaid from a drawing under a new SFA signed by the company on 20 February 2018 with sukuk facility participants comprised of:

Sukuk facility	Facility approved
HSBC Saudi Arabia - as agent for the sukuk facility	3,500,000,000

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36.2 Facilities utilized under the different CTAs

MAC facility

During December 2017, the Company restructured its borrowing facilities by amending the PIF agreement and entering into the new CTA, whereas, the other facilities were prematurely settled in full.

	31 December 2018	31 December 2017
Public Investment Fund	-	4,375,312,500
Less: Repaid during the year	-	(4,375,312,500)
Sub-total (Note 45.2)	-	-
Less: Transaction cost balance at the year end	-	-
Sub-total	-	-
<p>The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.</p> <p>The repayment of the loan started on 31 December 2014, on a six month basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on 30 June 2026 (Note 36.8).</p> <p>The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 78,459,966 (Note 36.10).</p>		
Islamic and commercial banks		
Dollar procurement	-	834,675,000
Saudi Riyal procurement	-	3,695,456,250
Commercial	-	807,750,000
Wakala	-	706,781,250
Sub-total	-	6,044,662,500
Less: Repaid during the year	-	(6,044,662,500)
Sub-total	-	-
Less: Transaction cost balance at the year end	-	-
Sub-total	-	-
<p>The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the US Dollar facilities is LIBOR plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan.</p> <p>The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan.</p> <p>The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.75% per annum.</p> <p>The repayment of the loans started from 31 December 2014, starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on 30 June 2026 (Note 36.8).</p> <p>The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 83,472,594 (Note 36.10).</p>		
	-	-
Sub-total carried forward	-	-

MAC facility (continued)

	31 December 2018	31 December 2017
Balance brought forward	-	-
Saudi Industrial Development Fund	-	450,000,000
Less: Repaid during the year	-	(450,000,000)
Sub-total	-	-
Less: Transaction cost balance at the year end	-	-
Sub-total	-	-
Repayment of the SIDF facility started from 4 February 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on 7 June 2020 (Note 36.8).		
The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 18,690,882 (Note 36.10).		
Riyal Murabaha facility (a working capital facility)	-	-
The rate of profit on the purchase price (i.e., principal amount of the loan drawn for each commission period) was SIBOR plus 1.25%.		
Total MAC borrowings (Note 36.7)	-	-
MAC facility - restructured on 14 December 2017		
Public Investment Fund (Note 45.2)	4,275,375,000	4,275,375,000
Less: Transaction cost balance at the year end	(42,931,900)	(47,029,125)
Sub-total	4,232,443,100	4,228,345,875
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.		
After the restructuring on 14 December 2017, the repayment of the loan will start on 31 March 2023, on a six month basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on 30 September 2031 (Note 36.8).		
In addition, the company is required to make certain prepayments as described in Note 36.1.		
The upfront transaction cost incurred on the restructuring amounting to SAR 47,029,125 has been netted off with the loan balance as on December 2017 and is amortized over the term of the loan amounted to SAR 4,097,225 (Note 36.10)		
Sub-total carried forward	4,232,443,100	4,228,345,875

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MAC facility – restructured on 14 December 2017 (continued)

	31 December 2018	31 December 2017
Balance brought forward	4,232,443,100	4,228,345,875
Islamic and commercial banks		
Riyal Murabaha	5,178,750,000	5,178,750,000
Commercial - USD conventional	1,503,750,000	1,503,750,000
Less: Transaction cost balance at the year end	(63,570,555)	(73,507,500)
Sub-total	6,618,929,445	6,608,992,500

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 1.65%. Whereas, the rate of commission on the principal amount of the loan drawn on dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal will start from 31 March 2021, on a six month basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027 (Note 36.8).

The repayment of the loan drawn on Dollar Conventional facility will start from 31 March 2021, on a six month basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024 (Note 36.8).

In addition, the company is required to make certain prepayments as described in Note 36.1.

The upfront transaction cost incurred on obtaining the loan amounting to SAR 73,507,500 has been netted off with the loan balance as on December 2017 and is amortized over the term of the loan amounted to SAR 9,936,945 (Note 36.10).

Total MAC borrowings (Note 36.7)	10,851,372,545	10,837,338,375
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MRC facility

Public Investment Fund	2,986,387,500	3,047,962,500
Less: Repaid during the year	-	(61,575,000)
Sub-total (Note 45.2)	2,986,387,500	2,986,387,500
Less: Transaction cost balance at the year end	(52,119,480)	(63,303,309)
Sub-total	2,934,268,020	2,923,084,191

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the loan started on 31 December 2016, on a six month basis, starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on 30 June 2026 (Note 36.8).

During June 2018, the repayments due on 30 June 2018 and 31 December 2018 were deferred to be paid on 30 June 2019.

The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 11,183,829 (31 December 2017: SAR 11,375,892) (Note 36.10).

Sub-total carried forward	2,934,268,020	2,923,084,191
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MRC facility (continued)

	31 December 2018	31 December 2017
Balance brought forward	2,934,268,020	2,923,084,191
Islamic and commercial banks		
Riyal procurement	1,009,770,000	1,030,590,000
Less: Repaid during the year	-	(20,820,000)
Sub-total	1,009,770,000	1,009,770,000
Less: Transaction cost balance at the year end	(13,057,394)	(16,133,002)
Sub-total	996,712,606	993,636,998
<p>The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan.</p> <p>The margin / mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum.</p> <p>The repayment of the loan started on 31 December 2016, starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on 30 June 2026 (Note 36.8).</p> <p>During June 2018, the repayments due on 30 June 2018 and 31 December 2018 were deferred to be paid on 30 June 2019.</p> <p>The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 3,075,608 (31 December 2017: SAR 3,130,362) (Note 36.10).</p>		
Saudi Industrial Development Fund	475,000,000	550,000,000
Less: Repaid during the year	(50,000,000)	(75,000,000)
Sub-total	425,000,000	475,000,000
Less: Transaction cost balance at the year end	(13,126,746)	(20,041,212)
Sub-total	411,873,254	454,958,788
<p>Repayment of the SIDF facility started from 25 January 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on 19 July 2021 (Note 36.8).</p> <p>During June 2018, the repayments due on 30 June 2018 and 31 December 2018 were deferred to be paid on 30 June 2019.</p> <p>The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 6,914,466 (31 December 2017: SAR 7,942,222) (Note 36.10).</p>		
Riyal Murabaha facility (a working capital facility)	375,000,000	375,000,000
<p>During the quarter that ended 30 September 2018, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.20%.</p> <p>The repayment of the Murabaha facility is due on 30 June 2019 (Note 36.8).</p>		
Total MRC borrowings (Note 36.7)	4,717,853,880	4,746,679,977

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MBAC facility

During July 2018, the company restructured its borrowing facilities by amending the PIF agreement and entering into the new CTA, whereas, the other facilities were prematurely settled in full.

	31 December 2018	31 December 2017
Public Investment Fund	3,600,000,000	3,750,000,000
Less: Repaid during the year	(93,750,000)	(150,000,000)
Sub-total (Note 45.2)	3,506,250,000	3,600,000,000
Less: Transaction cost balance at the year end	-	(75,726,010)
Transferred to facility restructured on 16 July 2018	(3,506,250,000)	-
Sub-total	-	3,524,273,990

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the principal amount of PIF facility will be in 21 installments on a six month basis starting from 30 June 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on 30 June 2027 (Note 36.8).

The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 5,979,758 (31 December 2017: SAR 12,426,368) (Note 36.10).

The remaining unamortized transaction cost amounting to SAR 69,746,252 was transferred to the restructured facility.

Islamic and commercial banks

Dollar procurement	767,520,000	799,500,000
Riyal procurement	1,815,564,326	1,891,212,844
Commercial	248,400,000	258,750,000
Wakala	738,000,000	768,750,000
	3,569,484,326	3,718,212,844
Less: Repaid during the year	(3,569,484,326)	(148,728,518)
Sub-total	-	3,569,484,326
Less: Transaction cost balance at the year end	-	(45,389,289)
Sub-total	-	3,524,095,037

The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan.

The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan.

The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum.

The repayment of the principal amounts of Islamic and commercial total approved facilities started from 30 June 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on 30 June 2027 (Note 36.8).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 45,389,289 (31 December 2017: SAR 4,185,358) (Note 36.10).

Sub-total carried forward	-	7,048,369,027
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MBAC facility (continued)

	31 December 2018	31 December 2017
Balance brought forward	-	7,048,369,027
Saudi Industrial Development Fund	860,000,000	900,000,000
Less: Repaid during the year	(860,000,000)	(40,000,000)
Sub-total	-	860,000,000
Less: Transaction cost balance at the year end	-	(48,680,596)
Sub-total	-	811,319,404
Repayment of the SIDF facility started from July 2017. The repayments started at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 36.8).		
SIDF has withheld loan processing and evaluation fee of SAR 75 million and will be amortized over the term of the loan.		
The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 48,680,596 (31 December 2017: SAR 14,599,683) (Note 36.10)		
Riyal Murabaha facility (a working capital facility)	-	340,000,000
The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 0.95%.		
The repayment of Murabaha facility is due on 24 January 2019 (Note 36.8).		
Total MBAC borrowings (Note 36.7)	-	8,199,688,431
MBAC facility - restructured on 16 July 2018		
Public Investment Fund (Note 44.2)	3,506,250,000	-
Less: Transaction cost balance at the year end	(116,927,162)	-
Sub-total	3,389,322,838	-
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.		
After the restructuring on 16 July 2018, the repayment of the loan will start on 30 June 2019, on a six month basis, starting at SAR 74.3 million and increasing over the term of the loan with the final repayment of SAR 392.7 million on 31 July 2031 (Note 36.8).		
The upfront transaction cost incurred on the restructuring amounting to SAR 42,562,500 has been added to the unamortized upfront transaction cost balance before restructuring amounting to SAR 69,746,252. Further, non-cash transaction costs amounting to SAR 9,163,384 were also added as the difference between the carrying value of the borrowing before restructuring and present value of the cash flows after restructuring, discounted using the effective interest rate of the borrowings before restructuring. The total amount is netted-off against the loan balance as on 16 July 2018 and is amortized over the term of the loan amounted to SAR 4,544,974 (Note 36.10).		
Sub-total carried forward	3,389,322,838	-

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MBAC facility – restructured on 16 July 2018 (continued)

	31 December 2018	31 December 2017
Balance brought forward	3,389,322,838	-
Islamic and commercial banks		
Riyal Murabaha	4,025,000,000	-
Riyal Wakala	220,000,000	-
Sub-total	4,245,000,000	-
Less: Transaction cost balance at the year end	(37,802,897)	-
Sub-total	4,207,197,103	-
<p>The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.55% for Riyal Murabaha Tranche B and Riyal Wakala and 1.45% for Riyal Murabaha Tranche A.</p> <p>The upfront transaction cost incurred amounting to SAR 40,250,000 is amortized over the term of the loan amounted to SAR 2,447,103 (Note 36.10).</p> <p>Riyal Murabaha facility (a working capital facility)</p> <p style="text-align: right;">340,000,000</p> <p style="text-align: right;">-</p> <p>The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 0.95%.</p> <p>The repayment of Murabaha facility is due on 24 January 2019 (Note 36.8).</p>		
Total MBAC borrowings (Note 36.7)	7,936,519,941	-
MWSPC facility		
Public Investment Fund (Note 45.2)	6,839,278,174	6,839,278,174
Less: Transaction cost balance at the year end	(55,803,888)	(57,478,142)
Sub-total	6,783,474,286	6,781,800,032
<p>The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is LIBOR plus 1.5% per annum.</p> <p>The repayment of the principal amount of loan will be in 24 installments on a six month basis starting from 30 June 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on 31 December 2030 (Note 36.8).</p> <p>The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 1,674,254 (31 December 2017: SAR 7,364,701) (Note 36.10).</p>		
Sub-total carried forward	6,783,474,286	6,781,800,032

MWSPC facility (continued)

	31 December 2018	31 December 2017
Balance brought forward	6,783,474,286	6,781,800,032
Islamic and commercial banks		
Dollar procurement	304,392,518	304,392,518
Saudi Riyal procurement	2,620,254,420	2,620,254,420
Commercial	5,182,626,350	5,140,424,311
Wakala	1,488,141,198	1,488,141,198
Sub-total	9,595,414,486	9,553,212,447
Less: Transaction cost balance at the year end	(16,721,061)	(46,703,936)
Sub-total	9,578,693,425	9,506,508,511
<p>The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.25% to 2.10% per annum.</p> <p>The repayment of the principal amounts of loans will start from 30 June 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on 31 December 2030 (Note 36.8).</p> <p>The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 29,982,875 (31 December 2017: SAR 32,279,681) (Note 36.10).</p>		
Saudi Industrial Development Fund	3,905,000,000	1,680,000,000
Less: Repaid during the year	(60,000,000)	-
Sub-total	3,845,000,000	1,680,000,000
Less: Transaction cost balance at the year end	(297,501,808)	(154,160,000)
Sub-total	3,547,498,192	1,525,840,000
<p>The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is in the range of 1.7% per annum.</p> <p>The repayment of the principal amounts of loans started from 22 December 2018. The repayments are starting at SAR 60 million and increasing over the term of the loan (Note 36.8).</p> <p>The upfront transaction cost incurred during the year amounted to SAR 145,000,000. The total upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 1,658,192 (31 December 2017: SAR 840,000) (Note 36.10).</p>		
Total MWSPC borrowings (Note 36.7)	19,909,665,903	17,814,148,543

36.3 Syndicated revolving credit facility**Ma'aden facility**

	31 December 2018	31 December 2017
Syndicated revolving credit facility (Note 36.7 and 48.3)	-	-

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum

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36.4 Facilities utilized under the different CTA's

MGBM facility

	31 December 2018	31 December 2017
As Suq mine		
Saudi Industrial Development Fund	143,000,000	171,000,000
Less: Repaid during the year	(22,000,000)	(28,000,000)
Sub-total	121,000,000	143,000,000
Less: Transaction cost balance at the year end	(4,555,155)	(6,755,017)
Sub-total	116,444,845	136,244,983

The repayment of this loan started on 20 July 2016, on a six month basis, starting at SAR 8 million and increasing over the term of the loan with the final repayment of SAR 18 million on 9 November 2022 (Note 36.8).

The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 2,199,862 (31 December 2017: SAR 2,503,900) (Note 36.10).

Ad-Duwayhi mine and water pipeline

Saudi Industrial Development Fund	1,070,000,000	1,200,000,000
Less: Repaid during the year	(150,000,000)	(130,000,000)
Sub-total	920,000,000	1,070,000,000
Less: Transaction cost balance at the year end	(35,353,979)	(49,472,071)
Sub-total	884,646,021	1,020,527,929

The repayment of this loan started on 9 July 2017, on a six month basis, starting at SAR 60 million and increasing over the term of the loan with the final repayment of SAR 100 million on 30 October 2023 (Note 36.8).

The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 14,118,092 (31 December 2017: SAR 15,724,951) (Note 36.10).

Total MGBM borrowings (Note 36.7)	1,001,090,866	1,156,772,912
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36.5 Facilities utilized under the different MFA's

MIC facility

	31 December 2018	31 December 2017
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	883,000,000	961,000,000
Less: Repaid during the year	(78,000,000)	(78,000,000)
Sub-total	805,000,000	883,000,000
Less: Transaction cost balance at the year end	(7,000,000)	(8,000,000)
	798,000,000	875,000,000

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1% per annum.

The repayment of the principal amount of the loan started from 30 December 2016, in equal principal repayments of SAR 39 million, on a semi-annual over a 10 year period with the final principal repayment of SAR 298 million on 30 December 2025 (Note 36.8).

The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 1,000,000 (31 December 2017: SAR 1,000,000) (Note 36.10)

Total MIC borrowings (Note 36.7)	798,000,000	875,000,000
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MPC facility

	31 December 2018	31 December 2017
Riyad Bank – as agent for the Murabaha facility participants	10,344,375,000	11,493,750,000
Less: Repaid during the year	(4,443,492,647)	(1,149,375,000)
Sub-total	5,900,882,353	10,344,375,000
Less: Transaction cost balance at the year end	(44,679,272)	(78,145,499)
	5,856,203,081	10,266,229,501
<p>The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1% per annum for SAR Murabaha facility and LIBOR plus 1.1% per annum for US Dollar Murabaha facility.</p> <p>The repayment of this loan started from 25 February 2017, starting at SAR 575 million and increasing over the term of the loan with the final repayment of SAR 3,448 million on 25 February 2023 (Note 36.8).</p> <p>The upfront transaction cost incurred during the period amounted to SAR 4,750,000. The upfront transaction cost balance is amortized over the term of the loan amounted to SAR 38,216,227 (31 December 2017: SAR 20,808,255) (Note 36.10).</p>		
Total MPC borrowings (Note 36.7)	5,856,203,081	10,266,229,501

36.6 Facility utilized under SFA**MPC facility**

	31 December 2018	31 December 2017
HSBC Saudi Arabia – as agent for the sukuk facility	3,500,000,000	-
Less: Repaid during the year	-	-
Sub-total	3,500,000,000	-
Less: Transaction cost balance at the year end	(4,217,888)	-
	3,495,782,112	-
<p>The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1.35% per annum.</p> <p>The one-time repayment of this loan of SAR 3,500,000,000 will be on 20 February 2025 (Note 36.8).</p> <p>The upfront transaction cost incurred in obtaining the sukuk facility amounting to SAR 4,725,000 has been netted off with the facility balance and is amortized over the term of the facility amounted to SAR 507,112 (Note 36.10).</p>		
Total MPC borrowings (Note 36.7)	3,495,782,112	-

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36.7 Total borrowings

	Notes	31 December 2018	31 December 2017
Facilities utilized under:			
CTAs:			
MAC – restructured on 14 December 2017	36.2	10,957,875,000	10,957,875,000
MRC	36.2	4,796,157,500	4,846,157,500
MBAC – restructured on 16 July 2018	36.2	8,091,250,000	8,369,484,326
MWSPC	36.2	20,279,692,660	18,072,490,621
Syndicated Revolving Credit Facility:			
Ma'aden	36.3	-	-
MGBM facility	36.4	1,041,000,000	1,213,000,000
MFAs:			
MIC	36.5	805,000,000	883,000,000
MPC	36.5	5,900,882,353	10,344,375,000
SFA:			
MPC	36.6	3,500,000,000	-
Sub-total	49,50	55,371,857,513	54,686,382,447
Less: Transaction cost balance at the year end		(805,369,185)	(790,524,708)
Sub-total	6.2	54,566,488,328	53,895,857,739
Less: Current portion of borrowings shown under current liabilities			
MRC		960,572,745	660,564,000
MBAC		485,503,000	513,410,645
MWSPC		716,071,386	621,737,172
MGBM		185,000,000	172,000,000
MIC		78,000,000	78,000,000
MPC		737,610,294	1,149,375,000
Sub-total		3,162,757,425	3,195,086,817
Long-term portion of borrowings		51,403,730,903	50,700,770,922

36.8 Maturity profile of long-term borrowings

	Notes	31 December 2018	31 December 2017
2018		-	3,195,086,817
2019		3,162,757,425	3,291,077,736
2020		2,438,872,312	3,661,668,070
2021		4,098,343,546	4,749,984,266
2022		4,862,984,944	6,204,421,881
2023		5,938,367,969	7,701,422,952
2024		4,155,259,835	4,562,477,300
2025 through 2030		30,715,271,482	21,320,243,425
Total	48.1.2,48.3	55,371,857,513	54,686,382,447

36.9 Facilities' currency denomination

Essentially half of the Group's facilities have been contracted in United States Dollars (US\$) and Saudi Riyals (SAR) respectively and the drawdown balances of these facilities, represented in US\$, are shown below:

	31 December 2018 (US\$)	31 December 2017 (US\$)
Public Investment Fund (US\$)	4,695,277,513	4,720,277,513
Islamic and commercial banks		
Procurement (US\$)	81,171,338	285,843,338
Procurement (SAR)	968,006,512	1,452,156,999
Commercial (US\$)	1,783,033,693	1,819,779,816
Commercial (SAR)	-	18,240,000
Wakala (SAR)	455,504,320	593,637,653
Murabaha (SAR)	2,454,333,333	1,381,000,000
Sub-total	5,742,049,196	5,550,657,806
Saudi Industrial Development Fund (SAR)	1,416,266,666	1,127,466,667
Riyal Murabaha facility (SAR)	1,788,235,294	2,993,966,666
Sukuk facility (SAR)	933,333,333	-
Riyal Murabaha facility (a working capital facility) (SAR)	190,666,667	190,666,667
Total	14,765,828,669	14,583,035,319

36.10 Amortization of transaction cost

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
CTAs:			
MAC	36.2	14,034,170	180,623,442
Facility signed on 30 November 2010		-	180,623,442
Facility restructured on 14 December 2017		14,034,170	-
MRC	36.2	21,173,903	22,448,476
MBAC	36.2	97,878,336	31,211,409
Facility signed on 27 November 2011		100,049,643	31,211,409
Facility restructured on 16 July 2018		6,992,077	-
Non-cash transaction cost		(9,163,384)	-
MWSPC	36.2	33,315,321	40,484,382
MGBM facility	36.4	16,317,954	18,228,851
MFAs:			
MIC	36.5	1,000,000	1,000,000
MPC	36.5	38,216,227	20,808,255
SFA:			
MPC	36.6	507,112	-
Sub-total		222,443,023	314,804,815
Less: Capitalised as part of capital work-in-progress MWSPC	14.1,19	29,464,834	40,484,382
Total charged to finance cost	14	192,978,189	274,320,433

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36.11 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	Notes	31 December 2018	31 December 2017
Mine properties	17.2	5,243,258,431	5,682,315,912
Property, plant and equipment	18.2	27,704,144,742	15,133,757,446
Capital work-in-progress	19.1	606,061,169	24,675,759,709
Intangible assets	20	13,878,004	40,075,519
Total		33,567,342,346	45,531,908,586

37. Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	31 December 2018	31 December 2017
Gold mines	37.1	106,543,501	97,248,815
Bauxite mine	37.2	108,214,608	35,000,134
Phosphate mines	37.3	164,888,037	150,804,353
Low grade bauxite, kaolin and magnesite mines	37.4	5,979,183	5,619,849
Total		385,625,329	288,673,151

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine and the related plants and infrastructure. These obligations are expected to be incurred in the year in which the mine is expected to be closed. Management estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates.

The provision for mine decommissioning obligation represents the present value of the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognised when determined.

The movement in the provision for mine decommissioning obligation for each of the mines along with the year in which they commenced commercial production and expected date of closure is as follows:

37.1 Gold mines

	Notes	As Suq mine	Mahad mine	Ad Duwayhi mine	Al Amar mine	Sukhaybarat mine	Bulghah mine	Total
1 January 2017		13,735,486	20,265,325	12,373,614	7,647,872	11,895,830	21,734,194	87,652,321
Increase arising from passage of time during the year	14	1,250,360	2,072,357	1,237,360	764,787	1,189,582	1,978,492	8,492,938
Increase / (decrease) in provision during the year	17	324,652	-	(1,059,192)	25,234	774,959	1,037,903	1,103,556
31 December 2017	37	15,310,498	22,337,682	12,551,782	8,437,893	13,860,371	24,750,589	97,248,815
Increase arising from passage of time during the year	14	1,364,181	2,261,007	1,361,096	841,265	1,308,540	2,158,597	9,294,686
31 December 2018	37	16,674,679	24,598,689	13,912,878	9,279,158	15,168,911	26,909,186	106,543,501

Commenced commercial production in	2014	1988	2016	2008	1991	2001
Expected closure date in	2023	2022	2027	2021	2027	2034

37.2 Bauxite mine

	Notes	Al-Ba'itha mine
1 January 2017		33,227,636
Increase arising from passage of time during the year	14	1,772,498
31 December 2017	37	35,000,134
Increase arising from passage of time during the year	14	1,711,467
Increase in provision during the year	17	71,503,007
31 December 2018	37	108,214,608

Commenced commercial production in	2014
Expected closure date in	2059

37.3 Phosphate mines

	Notes	Al-Jalamid mine	Al-Khabra mine	Total
1 January 2017		57,279,831	86,099,173	143,379,004
Increase arising from passage of time during the year	14	3,039,439	4,385,910	7,425,349
31 December 2017	37	60,319,270	90,485,083	150,804,353
Increase arising from passage of time during the year	14	7,569,044	4,611,150	12,180,194
Increase in provision during the year	17	-	1,903,490	1,903,490
31 December 2018	37	67,888,314	96,999,723	164,888,037

Commenced commercial production in	2008	2017
Expected closure date in	2042	2045

37.4 Low grade bauxite, kaolin and magnesite mines

	Notes	Az-Zabirah mine	Al-Ghazallah mine	Madinah plants	Total
1 January 2017		2,028,674	209,997	3,024,932	5,263,603
Increase arising from passage of time during the year	14	151,046	63,887	141,313	356,246
31 December 2017	37	2,179,720	273,884	3,166,245	5,619,849
Increase arising from passage of time during the year	14	203,333	20,417	135,584	359,334
31 December 2018	37	2,383,053	294,301	3,301,829	5,979,183

Commenced commercial production in	2008	2011	2011
Expected closure date in	2036	2057	2041

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

38. Obligation under finance lease

	Notes	31 December 2018	31 December 2017
Future minimum lease payments			
MGBM	38.2	28,117,012	51,079,051
MBAC	38.3	-	14,301,927
Sub-total	50	28,117,012	65,380,978
Less: Future finance cost not yet due			
MGBM	38.2	(933,232)	(2,823,115)
MBAC	38.3	-	(709,776)
Sub-total	38.1	(933,232)	(3,532,891)
Net present value of minimum lease payment	6.2,48.3	27,183,780	61,848,087
Less: Current portion shown under current liabilities	38.2,38.3	(21,462,970)	(34,664,307)
Long-term portion of obligation under finance lease	38.2,38.3	5,720,810	27,183,780

38.1 Movement in future finance cost:

	Notes	2018	2017
1 January		(3,532,891)	(8,840,140)
Unwinding of discount of non-current obligations under finance lease charged to finance cost	14	2,599,659	5,307,249
31 December	38	(933,232)	(3,532,891)

38.2 MGBM

The company has entered into certain agreements which entitled the company to residential rights and obligations relating to certain assets related to these agreements. These assets have been classified as assets under finance lease in accordance with IFRIC - 4.

	Notes	31 December 2018	31 December 2017
Future minimum lease payments	38	28,117,012	51,079,051
Less: Future finance cost not yet due	38	(933,232)	(2,823,115)
Net present value of minimum lease payment		27,183,780	48,255,936
Less: Current portion shown under current liabilities	38	(21,462,970)	(21,072,156)
Long-term portion of obligation under finance lease	38	5,720,810	27,183,780

Maturity profile

Minimum lease payments falling due during the following years:

	2018	2019	2020	Total
2018	-			22,962,039
2019		22,315,272		22,315,272
2020		5,801,740		5,801,740
Total		28,117,012		51,079,051

The future minimum lease payments have been discounted, using an effective interest rate of approximately 5% per month, to its present value.

38.3 MBAC

During 2013, MAC on behalf of MBAC entered in a finance lease agreement with a financial institution. The lease payments under such agreements are due in monthly installments. The amounts of future payments under the leases are as follows:

	Notes	31 December 2018	31 December 2017
Future minimum lease payments	38	-	14,301,927
Less: Future finance cost not yet due	38	-	(709,776)
Net present value of minimum lease payment		-	13,592,151
Less: Current portion shown under current liabilities	38	-	(13,592,151)
Long-term portion of obligation under finance lease	38	-	-

Maturity profile

Minimum lease payments falling due during the following years:

2018		-	14,301,927
Total		-	14,301,927

The future minimum lease payments have been discounted, using an effective interest rate of approximately 0.858% per month, to its present value.

38.4 Security

The following net book value of assets were pledged as security to the lessors:

	Note	31 December 2018	31 December 2017
MGBM		26,890,003	53,126,820
MBAC		-	39,487,391
Total	17.3	26,890,003	92,614,211

39. Derivative financial instruments

	Note	2018	2017
1 January		-	-
Net accrued settlement of derivative interest	14	1,948,045	-
Loss in fair value of hedge instrument charged to other comprehensive income		26,940,863	-
31 December		28,888,908	-

Loss in fair value of hedge instrument charged to other comprehensive income is attributable to:

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Ordinary shareholders of the parent company		20,178,706	-
Non-controlling interest	34.3	6,762,157	-
Total		26,940,863	-

Notes to the consolidated financial statements for the year ended 31 December 2018

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39. Derivative financial instruments (continued)

Effective 1 October 2018, the company entered into interest rate swap agreements ("hedge instrument") with financial institutions for a certain portion of its long-term borrowings to hedge against the changes in the LIBOR ("hedge item"). The hedging instruments and hedging item have similar critical terms such as reference rate, reset dates, payment dates, maturities and notional amount.

The arrangement has been designated as a hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As on 31 December 2018, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year.

The swap contracts require settlement of net interest receivable or payable every six months ending 31 March and 30 September. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The effect of interest swaps on the Company's financial position and performance is as follows:

	31 December 2018	31 December 2017
Carrying amount (liability)	28,888,908	-
Notional amount	1,820,250,000	-
Maturity date	30 Sep. 2023	-
Hedge ratio	1:1	-
Loss in fair value of outstanding hedging instruments since 1 January	26,940,863	-
Gain in value of hedge item used to determine hedge effectiveness	26,940,863	-

40. Employees' benefits

	Notes	31 December 2018	December 31 2017
Employees' end of service termination benefits obligation	40.1	545,417,883	462,754,423
Employees' savings plan	40.2	73,045,857	69,872,871
Total		618,463,740	532,627,294

40.1 Employees' end of service termination benefits obligation

The Group operates a termination benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia for each of the respective subsidiary entities. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Laws of the Kingdom of Saudi Arabia.

Employees' end of service termination benefit plans are unfunded plans and the benefit payment obligations are met when they are due.

Amounts recognized in the consolidated statement of financial position

The amounts recognised in the consolidated statement of financial position and the movements in the employees' end of service termination benefits obligation over the year are as follows:

	Notes	2018	2017
1 January		462,754,423	430,415,008
Total amount recognised in profit or loss		114,434,904	103,940,840
Current service cost		93,617,211	84,510,923
Finance cost	14	20,817,693	19,429,917
Loss / (gains) attributable to the re-measurements of employees' end of service termination benefits obligation	40.1.1	26,239,111	(47,481,008)
Loss / (gains) from change in financial assumptions		26,239,111	(36,583,164)
Experience gains		-	(10,897,844)
Settlements		(58,010,555)	(24,120,417)
31 December	40	545,417,883	462,754,423

40.1.1 Loss/(gains) attributable to the re-measurements of employees' end of service termination benefits obligation recognised in other comprehensive income:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Re-measurement loss debited (gains credited) in other comprehensive income during the year*		24,162,881	(45,969,473)
Re-measurement loss / (gains) capitalised as part of qualifying assets in capital work-in-progress during the year	19	2,076,230	(1,511,535)
Total	40.1	26,239,111	(47,481,008)
*Re-measurement loss debited / (gains credited) in other comprehensive income during the year is attributable to:			
Shareholders of the parent company		21,246,663	(40,661,245)
Non-controlling interest	34.2,34.3	2,916,218	(5,308,228)
Total		24,162,881	(45,969,473)

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service termination benefits obligation were as follows:

	31 December 2018	31 December 2017
Discount rate	4.5%	4.5%
Salary increase rate	2.5-4.5%	2.5-4.5%
Mortality rate	A90 table	A90 table
Withdrawal rate	5%	5%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level % increase	Impact on termination benefit obligation	Sensitivity level % decrease	Impact on termination benefit obligation
31 December 2018				
Discount rate	1%	(60,308,659)	1%	77,460,329
Salary increase rate	1%	77,016,977	1%	(61,098,034)
Mortality rate	10%	(106,594)	10%	106,856
Withdrawal rate	10%	(1,650,565)	10%	1,724,111
31 December 2017				
Discount rate	1%	(51,292,906)	1%	62,057,847
Salary increase rate	1%	61,797,177	1%	(52,042,373)
Mortality rate	10%	(88,966)	10%	89,249
Withdrawal rate	10%	(1,469,977)	10%	1,536,728

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employees' end of service termination benefit obligation to significant actuarial assumptions the same method (present value of the employees' end of service termination benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employees' end of service termination benefit obligation recognised in the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

40.1 Employees' end of service termination benefits obligation (continued)

Effect of employees' end of service termination benefits obligation on entity's future cash flows

The weighted average duration of the employees' end of service termination benefits obligation is 12.74 years. The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

	31 December 2018	31 December 2017
2018	-	33,655,290
2019	36,046,842	19,496,490
2020	27,135,289	27,271,871
2021	30,216,231	25,540,458
2022	20,482,643	23,961,641
2023	21,456,586	23,961,641
2024	21,456,586	23,961,641
2025 and thereafter	863,899,139	698,759,340
Total	1,020,693,316	876,608,372

40.2 Employees' savings plan

	Notes	2018	2017
1 January		69,872,871	59,341,221
Contribution for the year		41,620,333	30,530,337
Withdrawals during the year		(38,447,347)	(19,998,687)
31 December	30,40	73,045,857	69,872,871

41. Projects, trade and other payables

	Notes	31 December 2018	31 December 2017
Non-current portion			
Gross retention withheld from progress payments		841,759,354	1,227,216,448
Less : Current portion of retention payable (see below)		(640,030,514)	(658,951,243)
		201,728,840	568,265,205
Less : Unamortized discount for long-term retention payable	41.1	(11,052,030)	(42,328,871)
Present value of long-term portion of retention payable		190,676,810	525,936,334
Non-refundable contributions	41.2	110,887,008	133,582,586
Sub-total		301,563,818	659,518,920
Current portion			
Current portion of retention payable (see above)		640,030,514	658,951,243
Projects		381,341,917	367,440,443
Trade		1,131,989,815	1,142,655,132
Advances from customers		14,761,906	109,204,677
Other		47,267,960	37,529,483
Sub-total		2,215,392,112	2,315,780,978
Total	48.3,50	2,516,955,930	2,975,299,898

Non-current retentions and other payables are stated at their discounted value as these are due to be settled more than 12 months after the statement of financial position date.

Project payables mainly represents the liability in respect of contracts cost arising from MRC, MBAC and MWSPC.

41.1 Movement in unamortized discount for long-term retention payable

	Notes	2018	2017
1 January		(42,328,871)	(81,954,040)
Unwinding of discount of non-current obligations under finance lease charged to finance cost	14	31,276,841	39,625,169
31 December	41	(11,052,030)	(42,328,871)

41.2 Movement in non-refundable contributions

	Notes	2018	2017
1 January		133,582,586	126,080,874
1% deduction from certain contractor's progress payments		25,453,667	24,404,276
Provision for research and development fund	15	4,524,918	6,534,222
Provision for community development fund	15	4,524,918	6,534,221
Payments made to community support project		(57,199,081)	(29,971,007)
31 December	41	110,887,008	133,582,586

Contributed by one of the MAC's and MWSPC's contractors to support the companies' objective to establish a social responsibility fund for the development of a community project.

42. Accrued expenses

	Notes	31 December 2018	31 December 2017
Projects		490,588,399	803,165,348
Trade		1,055,966,868	771,409,500
Employees		220,005,734	212,401,686
Accrued expenses - Alcoa Corporation	45.1,45.2	33,767,454	38,257,664
Finance cost		272,817,941	137,902,702
Total	48.3,50	2,073,146,396	1,963,136,900

Accrued expenses for projects mainly represents the contract cost accruals in relation to MRC, MBAC and MWSPC.

Accrued expenses for Alcoa Corporation mainly represents the personnel and other cost accruals related to the Alcoa Corporation employees seconded to MAC, MRC and MBAC.

Accrued expenses for The Mosaic Company mainly represents the personnel and other cost accruals related to the Mosaic employees seconded to MWSPC.

43. Zakat and income tax payable

	Notes	31 December 2018	31 December 2017
Zakat payable	43.2	189,153,041	115,597,038
Income tax payable	43.5	1,548,530	26,059,632
Total		190,701,571	141,656,670

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43.1 Components of zakat base

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the year,
- provisions at the beginning of the year,
- long term borrowings,
- adjusted net income,
- spare parts and consumable materials,
- net book value of mine properties,
- net book value of property, plant and equipment,
- net book value of capital work-in-progress,
- net book value of intangible assets,
- carrying value of investment in joint ventures and
- other items.

Zakat is calculated at 2.5% of the higher of the zakat base or adjusted net income.

43.2 Zakat payable

	Notes	2018	2017
1 January		115,597,038	85,308,278
Provision for zakat		216,232,355	91,834,417
Current year	43.3	189,153,041	112,848,885
Prior year under / (over) provision		27,079,314	(21,014,468)
Paid during year to the authorities	28,43.4	(142,676,352)	(61,545,657)
31 December	43	189,153,041	115,597,038

43.3 Provision for zakat consists of:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Saudi Arabian Mining Company		93,555,304	78,730,860
Ma'aden Gold and Base Metals Company	44.2	13,601,477	12,584,744
Industrial Minerals Company		2,430,870	2,024,009
Ma'aden Infrastructure Company		2,988,100	3,302,094
Ma'aden Phosphate Company		23,202,808	6,306,615
Ma'aden Wa'ad Al-Shamal Phosphate Company		16,671,397	9,900,563
Ma'aden Aluminium Company		17,553,584	-
Ma'aden Rolling Company		3,105,620	-
Ma'aden Bauxite and Alumina Company		16,043,881	-
Total	43.2	189,153,041	112,848,885

43.4 Status of final assessments

The Company and its three wholly owned subsidiaries have diligently filed their consolidated zakat returns and have received provisional zakat certificates for the years ended 31 December 2009 to 31 December 2017. However, during April 2017, the GAZT has issued final zakat assessments for the Company and its three wholly owned subsidiaries for the five years starting from 2009 until 2013 with an additional zakat liability of SAR 46,336,320.

During the year ended 31 December 2017, Ma'aden paid these final zakat assessments in full, in compliance with Article 66 of the Zakat and Income Tax Law, to reserve its right to appeal. Ma'aden filed an appeal before the Preliminary Appeal Committee (PAC) and the amount paid of SAR 44,575,187 (Note 28) was disclosed as a receivable, pending the appeal. However, during the quarter ended 31 March 2018, the appeal was withdrawn, the final assessments issued for the five years were accepted and the receivable was expensed in the consolidated statement of profit or loss.

No final assessment for the Company and its three wholly owned subsidiaries for the four years, 2014 to 2017, have been issued by GAZT.

For the remaining five subsidiaries with minority shareholders, which are comprised of Saudi and foreign shareholders, zakat and income tax returns have been filed diligently from the date of incorporation (see Note 2) until 31 December 2017 and provisional zakat and income tax certificates up to 31 December 2017 have been received, but no final zakat and income tax assessments.

43.5 Income tax payable

	Notes	2018	2017
1 January		26,059,632	-
Provision for income tax	22.1	(10,199,311)	26,059,632
Current year	43.6	1,548,530	26,059,632
Prior year over provision		(11,747,841)	-
Paid during year to the authorities		(14,311,791)	-
31 December	43	1,548,530	26,059,632

43.6 Provision for income tax consist of:

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Ma'aden Aluminium Company		1,548,530	-
Ma'aden Wa'ad Al-Shamal Phosphate Company		-	26,059,632
Total	43.5	1,548,530	26,059,632

44. Severance fees payable

	Notes	2018	2017
1 January		73,079,354	8,270,636
Provision for severance fee made during the year	8	123,792,353	73,093,714
Current year charge	44.1	124,800,448	73,079,354
Prior year adjustment		(1,008,095)	14,360
Paid during year to the authorities		(72,071,259)	(8,284,996)
31 December		124,800,448	73,079,354

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44. Severance fees payable (continued)

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income per mining license, as defined, or the equivalent of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. Therefore the net income for each mining license registered in the name of MGBM, MPC, MBAC and MWSPC is subject to severance fees.

Severance fees are paid by IMC, the registered holder of a small mining license, at a fixed tariff per tonnes sold of low grade bauxite, kaolin and magnesite.

Severance fees are shown as part of cost of sales in the consolidated statement of profit or loss

44.1 Provision for severance fees consists of:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Gold mines	44.2	123,731,990	72,004,956
Low grade bauxite		444,828	565,238
Kaolin		298,600	246,912
Magnesite		182,930	251,798
Dead burned magnesite		112,625	10,450
Monolithic		950	-
Raw ore magnesite		28,525	-
Total	44	124,800,448	73,079,354

44.2 The provision for severance fees payable by gold mines is calculated as follows:

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Net income from operating mines before zakat and severance fee for the year		591,395,989	546,616,529
25% of the year's net income as defined		147,848,997	136,654,132
Hypothetical income tax based on year's taxable net income		137,333,467	84,589,700
Provision based on the lower of the above two computations		137,333,467	84,589,700
Provision for zakat	43.3	(13,601,477)	(12,584,744)
Net severance fee provision for the year	44.1	123,731,990	72,004,956

45. Related party transactions and balances

45.1 Related party transactions

Transactions with related parties carried out during the year under review, in the normal course of business, are summarised below:

Transactions with different non-controlling shareholders in subsidiaries

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Sales of MAC to Alcoa Inespal, S.A., in accordance with a shareholders off-take agreement, during the year		1,165,530,810	1,192,670,053
Sales of MPC through SABIC, in accordance with a marketing agreement, during the year		1,647,716,745	1,273,330,116
Sales of MWSPC through SABIC, in accordance with a marketing agreement – the pre-commercial production DAP sales revenue, net of production cost for the year ended 31 December 2018 amounting to SAR 130,299,157 (31 December 2017: SAR 39,394,796) has been credited against capital work-in-progress		258,066,238	85,053,278
Sales of MWSPC through The Mosaic Company, in accordance with a marketing agreement – the pre-commercial production DAP sales revenue, net of production cost for the year ended 31 December 2018 amounting to SAR 287,368,760 (31 December 2017: SAR 39,054,573) has been credited against capital work-in-progress		569,153,142	81,983,712
Raw material feedstock purchased from Alcoa Australia during the year		-	36,280,913
Payments to increase share capital of MRC received from Alcoa Corporation	34.3	-	188,250,000
Increase in non-controlling interest of MWSPC contributed by:			
• The Mosaic Company		-	234,375,000
• SABIC		-	140,625,000
	34.3	-	375,000,000
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the year	42	83,440,308	133,263,732
Cost of seconded employees, technology fee and other cost paid to The Mosaic Company during the year	42	46,696,420	89,227,649

Notes to the consolidated financial statements for the year ended 31 December 2018

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45.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	31 December 2018	31 December 2017
Due from joint venture partner			
Due from Alcoa Corporation being a parent company of a non-controlling shareholder in MAC, MRC and MBAC	25	36,686,041	13,652,075
Trade and other receivables due from:			
Non-controlling shareholders:			
• SABIC in MPC - trade		290,801,690	104,116,512
• SABIC in MWSPC - trade		32,382,542	78,651,169
Sub-total - trade receivables due from SABIC	28	323,184,232	182,767,681
• SABIC in MPC - other	28	-	28,807,037
Sub-total - due from SABIC		323,184,232	211,574,718
Subsidiaries of a non-controlling shareholder:			
• The Mosaic Company in MWSPC - trade	28	29,807,095	40,082,398
Subsidiaries of a non-controlling shareholder:			
• Alcoa Inespal, S.A. in MAC - trade	28	93,099,730	104,208,538
• Alcoa Warrick LLC in MAC - trade	28	6,644,548	22,067,292
Sub-total - due from Alcoa		99,744,278	126,275,830
A joint venture company:			
• MBCC - other	28	1,107,238	747,566
A special purpose vehicle:			
• SMP - other	28	5,556	4,183,905
Total		453,848,399	382,864,417
Due to joint venture partner			
• Due to Alcoa Corporation	35	195,267,690	266,358,724
Long-term borrowings from PIF a 65.44% shareholder in Ma'aden			
Due to PIF for the financing of the :			
MAC facility - restructured on 14 December 2017	36.2	4,275,375,000	4,275,375,000
MRC facility	36.2	2,986,387,500	2,986,387,500
MBAC facility - restructured on 16 July 2018	36.2	3,506,250,000	3,600,000,000
MWSPC facility	36.2	6,839,278,174	6,839,278,174
Total		17,607,290,674	17,701,040,674
Payable to the parent company (ultimate shareholder) of a non-controlling shareholder:			
• Payments to increase share capital received from Alcoa Corporation in MRC and MBAC		-	298,542,857
• Accrued expenses due to Alcoa Corporation in MAC, MRC and MBAC	42	33,767,454	38,257,664
Total		33,767,454	336,800,521

45.3 Key management personnel compensation

	Year ended 31 December 2018	Year ended 31 December 2017
Short-term employee benefits	22,099,530	21,092,993
Employees' end of service termination benefits	6,155,094	1,797,814
Total	28,254,624	22,890,807

46. Operating lease agreements

Payments under operating leases, recognized as an expense during the year.

	Year ended 31 December 2018	Year ended 31 December 2017
Minimum lease payments	5,710,783	2,787,580

	31 December 2018	31 December 2017
Commitments for future minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
2018	-	4,277,200
2019	5,611,516	4,277,200
2020	4,951,516	3,617,200
2021	4,951,516	3,617,200
2022	4,951,516	3,617,200
2023	4,951,516	3,617,200
2024	4,951,516	3,617,200
2025 through 2041	67,572,172	48,343,200
Total	97,941,268	74,983,600

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years and the rentals are fixed for an average of SAR 2,504,400 annually.

47. Commitments and contingent liabilities

47.1 Capital commitments

	31 December 2018	31 December 2017
Capital expenditure contracted for		
Property, plant and equipment	4,181,683,849	6,505,529,843

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

47.2 Guarantees

	Notes	31 December 2018	31 December 2017
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies		332,248,042	320,000,105
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies		262,500,000	262,500,000
Guarantee in favor of Saudi Aramco for future supply of molten sulfur		234,375,000	70,312,500
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*			
SAMAPCO	21.2.2	450,000,000	450,000,000
MBCC	21.2.2	375,000,000	375,000,000
Sub-total		825,000,000	825,000,000
Guarantee in favor of Saudi Ports Authority		18,879,717	18,512,402
Guarantee in favor of General Authority for Meteorology and Environment		3,604,900	3,604,900
Others		11,766,565	11,168,563
Total		1,688,374,224	1,511,098,470

*Ma'aden guarantees to SIDF and other financial institutions for granting financing facilities to SAMAPCO and MBCC to the extent of its shareholding of 50% in the jointly controlled entities (Note 21.2).

47.3 Letters of credit

	31 December 2018	31 December 2017
Three letters of credit sight, for the purpose of purchasing equipment and materials	11,377,635	12,691,944

47.4 Contingent liabilities

The Group has contingent liabilities from time to time with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingent liabilities arise out of the ordinary course of business. It is not anticipated that any material liabilities will be incurred as a result of these contingent liabilities.

48. Financial risk management

The Group's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

48.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency exchange risk,
- commission (interest) rate risk and
- commodity price risk

Financial instruments affected by market risk includes other investments, due joint venture partner, trade receivables, time deposits, cash and cash equivalents, due to joint venture partner, long-term borrowings, obligation under finance lease, projects, trade and other payables, accrued expenses and derivative financial instruments.

The sensitivity analysis in the following sections relates to the positions as at the year end.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The

sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

48.1.1 Foreign currency exchange risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75 : USD 1. Therefore, the Group is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

Foreign currency exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	31 December 2018	31 December 2017
Trade receivables	-	-
Project, trade and other payables and accrued expenses	23,331,286	51,856,576
Total	23,331,286	51,856,576

Amount recognised in consolidated financial statements

During the year, the following foreign exchange related amounts were recognised in the consolidated statement of profit or loss:

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Foreign exchange gain / (loss) included in other income / expense	15	3,027,391	(2,011,643)

Foreign currency sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in SAR / EURO exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from EURO denominated receivable balance.

Impact on post-tax profit / equity of increase / (decrease) in foreign exchange rate:

	Year ended 31 December 2018	Year ended 31 December 2017
SAR/ EURO exchange rate		
-Increase by 10%	1,103,467	4,790,355
-decrease by 10%	(1,103,467)	(4,790,355)

The Group's exposure to other foreign currency exchange movements is not material.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

48.1.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowing which exposes the Group to cash flow interest rate risk.

The Group's receivables and fixed rate borrowings carried at amortised cost are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group's exposure to fair value interest rate risk is not material.

Interest rate exposure

The exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the variable interest rate borrowings at the end of the reporting period are as follows:

	Note	31 December 2018	31 December 2017
Fixed interest rate borrowings		5,311,000,000	4,228,000,000
Variable interest rate borrowings - repricing dates			
6 months or less		50,060,857,513	50,458,382,447
Total	36.8	55,371,857,513	54,686,382,447

Interest rate sensitivity analysis

Profit or loss and equity is sensitive to higher / lower interest expense from long-term borrowings as a result of changes in interest rates. The Group's profit before tax is affected as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
Interest rate		
- increase by 100 basis points	(904,634,124)	(845,687,325)
- decrease by 100 basis points	904,634,124	845,687,325

48.1.3 Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of the mineral products it produces.

The Group makes sale of certain gold, by-products, phosphate and aluminium products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of provisionally priced commodities is recognised when control over the promised goods have been transferred to the customer (which would generally be at a point in time, i.e. the date of delivery) and revenue can be measured reliably. At this date, the amount of revenue and receivable to be recognised will be estimated based on the forward market price of the commodity being sold.

However, the Group faces a risk that future adverse change in price of gold and aluminium products would result in the reduction of receivable balance. Except for gold and phosphate, the Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

Commodity price exposure

The exposure of the Group's trade receivable balance to changes in commodity prices are as follows:

	Note	31 December 2018	31 December 2017
Accounts receivable pertaining to:			
Phosphate		1,209,106,908	837,925,620
Aluminium		724,846,103	738,571,418
Gold		166,515,887	205,084,980
Total	28	2,100,468,898	1,781,582,018

Policies and procedure to manage commodity price risk

The Group policy is to manage these risks through the use of contract-base prices with customers.

Commodity price sensitivity analysis

The table below shows the impact on profit before tax and equity for changes in commodity prices. The analysis is based on the assumption that phosphate, aluminium and gold prices move 10% with all other variables held constant.

	31 December 2018	31 December 2017
Increase / (decrease) in phosphate prices		
Increase of 10% in USD per tonne	117,577,991	93,865,014
Decrease of 10% in USD per tonne	(117,577,991)	(93,865,014)
Increase / (decrease) in aluminium LME prices		
Increase of 10% in USD per tonne	432,255,220	426,142,117
Decrease of 10% in USD per tonne	(432,255,220)	(426,142,117)
Increase / (decrease) in gold prices		
Increase of 10% in USD per oz	198,001,190	159,315,944
Decrease of 10% in USD per oz	(198,001,190)	(159,315,944)

Physical commodity contracts

The Group enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are treated as executory contracts, which are recognized and measured at cost when the transaction occurs.

48.2 Credit risk

Is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is exposed to credit risk if counterparties fail to make payments as they fall due.

Credit risk exposure

The Group ensures that the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management.

The Group has a limited number of customers and has no history of defaults. The Group calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as "not impaired" or "impaired" exposure accordingly.

Cash and short-term investments are substantially placed with commercial banks with sound credit ratings. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognised at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

48.2 Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are especially incorporated:

- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

	Note	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Trade and other receivable (less VAT receivable and employees' home ownership program receivables)		2,164,737,385	37,151	2,164,774,536
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		505,057	16,718	521,775
Total credit loss allowance	28.1	505,057	16,718	521,775
Carrying amount		2,164,232,328	20,433	2,164,252,761

	Note	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Time deposits		3,535,000,000	-	-	3,535,000,000
Less: Credit loss allowance	29.1	(2,201,194)	-	-	(2,201,194)
Carrying amount		3,532,798,806	-	-	3,532,798,806

Impairment losses on financial assets recognized in consolidated statement of profit or loss were as follows:

	Notes	31 December 2018	31 December 2017
Impairment loss on:			
• Trade and other receivables	28.1	185,390	336,385
• Time deposits	29.1	1,259,666	941,528
Total	3	1,445,056	1,277,913

Trade receivables

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	31 December 2018	31 December 2017
Neither past due nor impaired		2,028,134,159	1,425,511,488
Past due not impaired			
< 30 days		41,238,611	168,102,715
30-60 days		18,090,896	107,720,087
61-90 days		89,657	64,646,681
> 90 days, net		12,915,575	15,601,047
Total	28	2,100,468,898	1,781,582,018

48.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Group held the following deposits and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk. Further, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

	Notes	31 December 2018	31 December 2017
Time deposits	29	3,535,000,000	2,240,000,000
Unrestricted cash and cash equivalents	30	5,320,116,207	4,281,744,159
Total		8,855,116,207	6,521,744,159

Liquidity risk exposure

The Group had access to the following undrawn borrowing facilities at the end of the year:

	Notes	31 December 2018	31 December 2017
Floating rate			
- Expiring within 1 year			
• Syndicated Revolving Credit Facility	36.3		
- Expiring beyond 1 year			
• Syndicated Revolving Credit Facility	36.3	7,500,000,000	7,500,000,000
• Other facilities (mainly for project financing)		2,465,307,340	2,087,509,379
Fixed rate			
- Expiring within 1 year		-	-
- Expiring beyond 1 year		95,000,000	420,000,000
Total		10,060,307,340	10,007,509,379

Notes to the consolidated financial statements for the year ended 31 December 2018

(All amounts in Saudi Riyals unless otherwise stated)

48.3 Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Notes	1st year
Non-derivatives as at 31 December 2018		
Long-term borrowings	36.8	5,467,249,245
Finance lease obligation	38	22,315,272
Derivative financial instruments	39	28,888,908
Projects, trade and other payables	41	2,215,392,112
Accrued expenses	42	2,073,146,396
Total		9,806,991,933
Non-derivatives as at 31 December 2017		
Long-term borrowings	36.8	4,756,408,436
Finance lease obligation	38	37,263,966
Projects, trade and other payables	41	2,315,780,978
Accrued expenses	42	1,963,136,900
Total		9,072,590,280

	2nd years	3-5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
	4,890,829,396	21,659,395,680	42,764,786,498	74,782,260,819	55,371,857,513
	5,801,740	-	-	28,117,012	27,183,780
	-	-	-	28,888,908	28,888,908
	301,563,818	-	-	2,516,955,930	2,516,955,930
	-	-	-	2,073,146,396	2,073,146,396
	5,198,194,954	21,659,395,680	42,764,786,498	79,429,369,065	60,018,032,527
	5,185,059,848	21,061,583,005	40,954,150,507	71,957,201,796	54,686,382,447
	22,315,272	5,801,740	-	65,380,978	61,848,087
	659,518,920	-	-	2,975,299,898	2,975,299,898
	-	-	-	1,963,136,900	1,963,136,900
	5,866,894,040	21,067,384,745	40,954,150,507	76,961,019,572	59,686,667,332

Notes to the consolidated financial statements for the year ended 31 December 2018

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49. Capital management

Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The net debts of the Group are as follows:

Net debt	Notes	31 December 2018	31 December 2017
Time deposits	29	3,535,000,000	2,240,000,000
Cash and cash equivalents	30	5,320,116,207	4,281,744,159
Long-term borrowings - payable within one year	36.8	(3,162,757,425)	(3,195,086,817)
Long-term borrowings - payable after one year	36.8	(52,209,100,088)	(51,491,295,630)
Finance lease obligation - payable within one year	38.2,38.3	(22,315,272)	(37,263,966)
Finance lease obligation - payable after one year	38.2,38.3	(5,801,740)	(28,117,012)
Net debt		(46,544,858,318)	(48,230,019,266)

Net debt reconciliation

The movement in net debt is as follows:

	Time deposits (Note 29)	Other assets Cash and cash equivalents (Note 30)
1 January 2017	2,711,000,000	4,310,373,308
Cash flows	(471,000,000)	(28,629,149)
31 December 2017	2,240,000,000	4,281,744,159
Cash flows	1,295,000,000	1,038,372,048
31 December 2018	3,535,000,000	5,320,116,207

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

“Net debt divided by total equity and net debt (as shown in the consolidated statement of financial position, including non-controlling interests).”

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 36.1), as at the end of the year were as follows:

	Note	31 December 2018	31 December 2017
Net debt - Long term borrowings	36.7	55,371,857,513	54,686,382,447
Total equity		36,694,426,248	34,529,979,518
Total equity and net debt		92,066,283,761	89,216,361,965
Net debt to equity ratio		0.60	0.61

Liabilities from financing activities

Long-term borrowings - payable within one year (Note 36.8)	Long-term borrowings - payable after one year (Note 36.8)	Finance lease obligation - payable within one year (Note 38)	Finance lease obligation - payable after one year (Note 38)	Total
(2,752,508,518)	(51,608,327,288)	(38,622,936)	(65,380,978)	(47,443,466,412)
(442,578,299)	117,031,658	1,358,970	37,263,966	(786,552,854)
(3,195,086,817)	(51,491,295,630)	(37,263,966)	(28,117,012)	(48,230,019,266)
32,329,392	(717,804,458)	14,948,694	22,315,272	1,685,160,948
(3,162,757,425)	(52,209,100,088)	(22,315,272)	(5,801,740)	(46,544,858,318)

Notes to the consolidated financial statements for the year ended 31 December 2018

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50. Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

	Notes	31 December 2018	31 December 2017
Financial assets measured at amortised cost			
Other investments	23	47,850,000	50,000,000
Due from joint venture partner	25	36,686,041	13,652,075
Trade and other receivable (less zakat, VAT and employees' home ownership program receivables)	28	2,164,252,761	1,900,609,210
Time deposits	29	3,535,000,000	2,240,000,000
Cash and cash equivalents	30	5,393,162,064	4,351,617,030
Total		11,176,950,866	8,555,878,315
Financial liabilities measured at amortised cost			
Long-term borrowings	36.7	55,371,857,513	54,686,382,447
Obligation under finance lease	38	28,117,012	65,380,978
Derivative financial instruments	39	28,888,908	-
Projects, trade and other payables	41	2,516,955,930	2,975,299,898
Accrued expenses	42	2,073,146,396	1,963,136,900
Total		60,018,965,759	59,690,200,223

Other investments are measured at amortized cost less any impairment losses, see Note 23.

In accordance with IFRS 7 paragraph 29(a), disclosures of fair value are not required when the carrying amount is a reasonable approximation of its fair value for financial instruments such as short-term trade receivables and payables. IFRS 7 paragraph 29(d) equally applies to lease liabilities.

Long-term borrowings are initially recognised at their fair value (being proceeds received, net of eligible transaction costs incurred) if any. Subsequent to the initial recognition long-term borrowings are measured at amortised cost using the effective interest rate method. The fair value measurement hierarchy, on a non-recurring basis for liabilities, is Level 3 – significant unobservable inputs.

51. Events after the reporting date

No events have arisen subsequent to 31 December 2018 and before the date of signing the independent auditor's report that could have a significant effect on the consolidated financial statements as at 31 December 2018.

52. Comparative figures

Certain comparative figures of the previous year have been reclassified, wherever necessary, to conform with the current year's presentation. Such reclassifications did not affect either the net worth or the net profit of the Group for the previous year.

53. Assets held and liabilities incurred under fiduciary administration

On 6 January 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to 20 February 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Waad Al-Shamal City for Mining Industries". The aggregate amount represents part payment of the following two amounts approved by the Council of Ministers:

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and
- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

In 2014, an additional amount of USD 250 million has been received and deposited in a separate bank account that does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records.

In 2016, the remaining amount of USD 310 million was received. The amounts can only be utilised for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations.

As of 31 December 2018, total net assets of the project amounted to SAR 2,625,000,000 (31 December 2017: SAR 2,625,000,000).

Notes to the consolidated financial statements for the year ended 31 December 2018

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54. Detailed information about the subsidiaries and joint ventures

Subsidiaries	Nature of business
MGBM	Gold mining
MIC	Manage and develop infrastructure projects
IMC	Kaolin, low grade bauxite and magnesite mining
MAC	Aluminium ingots, T-shape ingots, slabs and billets
MRC	Aluminium sheets for can body and lids
MBAC	Bauxite mining and refining
MPC	Phosphate mining and fertilizer producer
MWSPC	Phosphate mining and fertilizer producer
Sub-total	
Joint ventures	
SAMAPCO	Production of concentrated caustic soda and ethylene dichloride
MBCC	Production of copper and associated minerals
Sub-total	
Total	

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia.

Issued and paid-up share capital		Effective group interest %		Cost of investment by parent company	
31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
867,000,000	867,000,000	100	100	867,000,000	867,000,000
500,000	500,000	100	100	500,000	500,000
344,855,200	344,855,200	100	100	344,855,200	344,855,200
6,573,750,000	6,573,750,000	74.9	74.9	4,923,738,750	4,923,738,750
2,477,371,807	2,477,371,807	74.9	74.9	1,855,551,483	1,855,551,483
4,828,464,412	4,828,464,412	74.9	74.9	3,616,519,845	3,616,519,845
6,208,480,000	6,208,480,000	70	70	4,345,936,000	4,345,936,000
7,942,501,875	7,942,501,875	60	60	4,765,501,125	4,765,501,125
				20,719,602,403	20,719,602,403
900,000,000	900,000,000	50	50	450,000,000	450,000,000
404,965,291	404,965,291	50	50	202,482,646	202,482,646
				652,482,646	652,482,646
				21,372,085,049	21,372,085,049



10 Appendix



Glossary

Arabian Shield: an exposure of Precambrian crystalline rocks on the flanks of the Red Sea.

Bauxite: the most common ore of aluminium.

Beneficiation: (occasionally spelled 'benefication') a variety of processes whereby extracted ore from mining is separated into mineral and gangue, or waste material, the former suitable for further processing or direct use.

Brownfield exploration: also known as near-mine exploration, the term is used to describe exploration occurring in the proximity of operating mines and identified ore bodies.

Closing balance: Reserve or resource reported at 31 December 2018.

Commodity price: Changes that have occurred due to revised commodity or product selling prices.

Direct employment: employment directly related to the production of products or services or when a person is employed directly by a firm, rather than a contractor working for the firm.

Downstream: refers to a stage in the industry value chain. For example, with reference to our aluminium value chain, downstream refers to the production plants that make the end products, whereas the mine itself is 'upstream'.

EBITDA: earnings before interest, taxes, depreciation, and amortisation.

GRI: an independent international organisation whose sustainability reporting standards are widely adopted by governments, businesses and other organisations.

Handprint: a concept and tool increasingly used in sustainability programs and discussions to measure, evaluate and communicate the positive contributions and impact of businesses, organisations and individuals.

Indirect employment: when a business generates employment in other organisations to supply or produce goods and services or when a firm contracts some work to a person or a company.

Inorganic growth: growth achieved through mergers, acquisitions or takeovers as against organic growth achieved through a company's existing business.

JORC: the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves is a professional code of practice that sets minimum standards for public reporting of minerals exploration results, mineral resources and ore reserves.

Ma'aden Academy: Ma'aden's learning and development organisation managed by corporate Human Resources.

Methodology: changes attributed to different estimation methodology

Mining depletion: changes attributed to annual mine production.

Modifying factors: changes in modifying factors i.e. mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors; changes from upgrading or downgrading reserve or resource classification.

New data/exploration: changes that have occurred due to new exploration or other data.

NTP: National Transformation Program, a government program aimed at building the institutional capacity and capabilities needed to achieve Saudi Arabia's Vision 2030.

Opening balance: Reserve or resource reported at 31 December 2017.

Operating cost: changes due to revised operating costs affecting cut-off grade and mine design.

Other: changes due to other causes.

Refinery: an industrial facility where a substance is refined, usually to convert raw material into products of value.

Rolling mill: in metalworking, rolling is a metal forming process in which metal stock is passed through one or more pairs of rolls to reduce the thickness and to make the thickness uniform, typically to produce metal sheets.

Saudi Vision 2030: the Kingdom of Saudi Arabia's blueprint for long-term development to achieve a strong, thriving and stable country that provides opportunity for all.

SBU: Strategic Business Unit indicates how Ma'aden's businesses are segmented.

SDGs: Sustainability Development Goals, also known as Global Goals, are a set of 17 aspirational goals adopted by the UN as part of its 2030 Agenda for Sustainable Development.

Smelting: a form of extractive metallurgy used to produce metal from ore; silver, iron, copper and other base metals are produced by smelting the ores.

SMP: Saudi Mining Polytechnic, established by Ma'aden in collaboration with the Technical and Vocational Training Corporation (TVTC) of Saudi Arabia to develop a skilled domestic workforce for the mining sector.

Stockpiles: changes due to mine stockpile adjustment or reclassification.

Sustainability: in business, sustainability often refers to triple bottomline management, with companies integrating financial, social and environmental risks, obligations and opportunities in the business plan.

Note of caution on forward-looking statements

This annual report contains statements that are, or may be deemed to be, forward-looking statements, including statements about the beliefs and expectations of Ma'aden, the Saudi Arabian Mining Company (variously referred to as the "Company", "we" or "Ma'aden") and its subsidiaries and entities under joint control (together referred to as the "Ma'aden Group").

We have prepared these statements based on the Group's current plans, estimates and projections, as well as its expectations of external conditions and events. We have made every effort to ensure the accuracy of those statements, which are valid at the time of their preparation and publication.

However, forward-looking statements involve inherent risks and uncertainties. As a result of these risks, uncertainties and assumptions, no individual, group or legal entity should unduly rely on these forward-looking statements. We have also included additional information about the risks we face in two other sections of this annual report, namely "Governance, risk and compliance" and the "Consolidated financial statements".

A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. We are not obliged to update or revise any forward-looking statements made in this annual report, whether as a result of new information, future events or otherwise, except when the provision of such information is a requirement under applicable laws. We do not accept any responsibility for any losses that may be incurred by any individual, group or entity resulting from their decisions based on our forward-looking statements.

Words such as "intends", "strives", "projects", "expects", "estimates", "plans", "considers", "assumes", "may", "should", "will", "continues" and other words with similar meanings usually indicate the projected nature of the statement.

Acknowledgement

The management of Ma'aden and the annual report team acknowledge the contribution of our staff at the headquarters and at the Group companies in the compilation and publication of this annual report and in presenting Ma'aden's performance and achievements in 2018 and over the past decade.

We welcome comments and feedback on this annual report from all our stakeholders. If you would like to share an opinion or feedback, you may email our Investor Relations (invest@maaden.com.sa) or Corporate Communications (media@maaden.com.sa).

